The Nation's Business

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Mr. King Muffs Another Chance

ONCE again Mr. Mackenzie King has muffed a chance to show the world that Canada stands for the same principles as the other British democracies.

Faced with a clear enough opportunity to emphasize the essential unity of the Empire, he has merely belabored minor if obvious points of disunity and weakness.

The specific issue or pretext of R. A. F. training schools raised last week by Mr. Bennett may or may not be important—aside from the fact that it has given the Conservatives a rallying cry for their convention. What is both important and deplorable is that Mr. King so often carps on what Canada "won't" or "can't" do in facing its responsibilities of Empire nationhood, instead of stressing what Canada "can" and "will" do.

Why should Canada be constantly placed by Mr. King in the embarrassing position of appearing to default in respect of its Empire rights and responsibilities? Surely there are scores of things we can do to assist in the British rearmament programme which is for the ultimate protection of Canada and Canadian principles as well as for Britain's domestic protection. Why not talk about these things rather than flaunt in our faces and the eyes of the world the things Mr. King feels we can't do?

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EXPERIENCE during the Great War and subsequently suggests that Canada should (as Mr. King argues) retain control of her own training and recruiting facilities.

But why could not the Government make that point clear and still help cur senior partner to meet her problems?

Surely these grave and critical matters of Empire defense and safety—closely linked as they are with world peace and the future of democracy—deserve more assertive treatment at the hands of Canada's Prime Minister?

At least Canada deserves from its Prime Minister a warm-blooded statement of the interests we share in common with Great Britain and of our eagerness and determination to work out in proper fashion plans which will help the Empire in its problems and at the same time protect Canadian rights.

Cold indifference and constitutional hair-splitting will put no flesh and blood on the new-born skeleton of our nationhood.

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Central Committee of Supply Needed

THE same principle applies not only to air force personnel but to the larger question of munitions and armaments.

As pointed out elsewhere in this issue, Britain is moving forward under a huge twofold programme embracing both her immediate needs and also the possible emergency of war.

To ensure that Canada co-ordinates to the utmost in this programme and to ensure that no possible obstacle stands in the way, steps should be taken immediately to set up a central committee of supply which would facilitate not only British orders placed in this country but also the munitions contracts of the Federal Government itself.

Were such a committee functioning it could deal effectively with immediate and emergency questions of armament, foodstuff and other supplies; could co-operate in suitable arrangements for training pilots and other matters or mutual interest.

It would put the whole matter on a proper, forward-looking basis.

It would be a firm pledge of Canada's willingness, within the limits of her constitution and her foreign policy, to co-operate in the protection of Empire. We can do that without committing ourselves to participation in any or all of Britain's wars.

In the past, Mr. King has intervened to save the Empire from war. He joined with other Empire countries to do this at the time of the Chanak incident. Mr. King holds a high place in the councils of Empire. But in recent years he has used that place chiefly to tell the world how big and independent we are, not how much we value our place in the Empire and how much we appreciate our responsibilities.

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Still No Light on Trade Treaty

PARLIAMENT adjourned last week with no word concerning the proposed trade treaties with the United States and the United Kingdom. No indication was given as to:

1. When the treaty might be expected.
2. Whether Parliament would reassemble when the treaty is made.
3. Whether the treaty will be announced and accepted by the Government prior to ratification by Parliament.

On all these points some clarification might easily have been given. As it is business will have important tax and tariff changes hanging over its head for at least another month, with no indication as to when such changes may be expected.

That important changes will be forthcoming is indicated by the report that at a recent government

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Crop Puts New Life In Prairie Provinces

Spring Sales of Implements Best Since Before Depression

DROUGHT CYCLE OVER

By GORDON L. SMITH
Staff Writer, The Financial Post

CALGARY.—Western Canada is now assured a wheat crop. This week's heavy rains over practically the whole grain-growing area have ended doubts, assuring good yields in the important south country, making fair harvest in the centre and even the hitherto dry north, almost a certainty.

The long cycle of droughts is definitely over.

Only remaining serious danger is rust. In Alberta and western Saskatchewan this is not a menace, but a large part of Manitoba and south-eastern Saskatchewan is vulnerable and will remain so for the next month. This danger of rust makes definite crop estimates at this early date impossible. Something between 350 and 400 million bushels is about as far as cautious observers will venture, with emphasis on the higher estimate if rust continues to be held in check.

New Life in Business

Already, however, the situation is far enough advanced to put new life into western business. Railways are beginning to check over their supplies of box cars to move the coming crop. Elevator companies, particularly in the south country from which the heaviest yields are coming, are putting their properties into repair.

Farm implement companies, probably the first to benefit from the western comeback, this year are stocking warehouses and ordering great quantities of combine and binder spare parts. Spring sale of implements has been the best since before the depression, fall sales are confidently expected to set new records.

Much, of course, will depend on price. It takes somewhere between 50 and 60 cents per bushel to grow wheat. That would cover general overhead, cost of land, farm machinery and so on, as well as actual harvesting charges.

Deterioration in N. S.

Given a continuance of present favorable weather then the 400 million estimate mentioned will be quite possible though authorities point out that almost invariably the outlook deteriorates rather than improves from the end of June on.

Such deterioration has been the experience of United States this season. The big winter wheat crop there entered the final growing phase early in May—the equivalent of present conditions in Canada. There were few who predicted anything much short of a 750 million bushel crop. This would have been 100 millions more than sufficient to supply the whole United States domestic needs without considering at all 150 to 250 millions of spring wheat crop,

(Continued on page 22)

B. A. Oil Wins Oil Lease Case

British American Oil has won its appeal in the Oklahoma Supreme Court against the verdict of District Judge R. P. Hill in favor of the Barnsdall-Midway Oil Co., delivered in August, 1936. The verdict of the nine-judge court was unanimous.

Amount involved in the suit over oil leases was between $500,000 and $700,000 and British American was required to post a bond of $1 million with the court to cover a possible award. Barnsdall-Midway claimed in its action that it was entitled to one half interest in the Piersoll-Stone leases in the Oklahoma City field under a contract with regard to other leases in the area.

Massey-Harris Sales Holding

Company's U. S. Business Continues Good and Canadian Sales Higher

Operations of Massey-Harris Co. in the United States are on about the same basis as last year, The Financial Post is informed. This would seem to indicate that the company has been more successful than the average in maintaining its sales in that country

Reports have been current of drastic shut-downs on the part of International Harvester, John Deere, Allis Chalmers and other farm implement manufacturers in the United States.

Announcement of a price cut on its line of tractors by Caterpillar Tractor Co. 10 days ago has been followed by International Harvester Co. in its competing lines. It is understood, however, that these price cuts so far have not affected lines made by Massey-Harris Co.

In Canada it is understood that Massey-Harris business has so far confirmed the earlier reports of larger sales.

Indications that exports of farm implements by Canadian manufacturers have been fairly well maintained are given by figures just released by the Dominion Bureau of Statistics. Exports of farm implements and machinery totalled $887,000 in May, compared with $698,000 in April and $954,000 in May, 1937.

Montreal Plans To Float Loan

Offering of $4 Millions of Bonds to be Made in Near Future

From Our Own Correspondent

MONTREAL.—Although its last loan has not been entirely sold, the City of Montreal will be in the market with a $4 millions bond issue in the near future.

Negotiations between the city and banking and investment interests in regard to the new loan have been proceeding for some time, and it is understood preliminary arrangements have been made. The new bonds are to carry a 4% coupon and will mature Dec. 1, 1946.

The issue will be offered by a syndicate headed by Savard, Hodgson & Co., and W. C. Pitfield & Co., an offer having been received from these firms to underwrite $1.5 million of the issue and for an option on the remainder.

Some Bonds Unsold

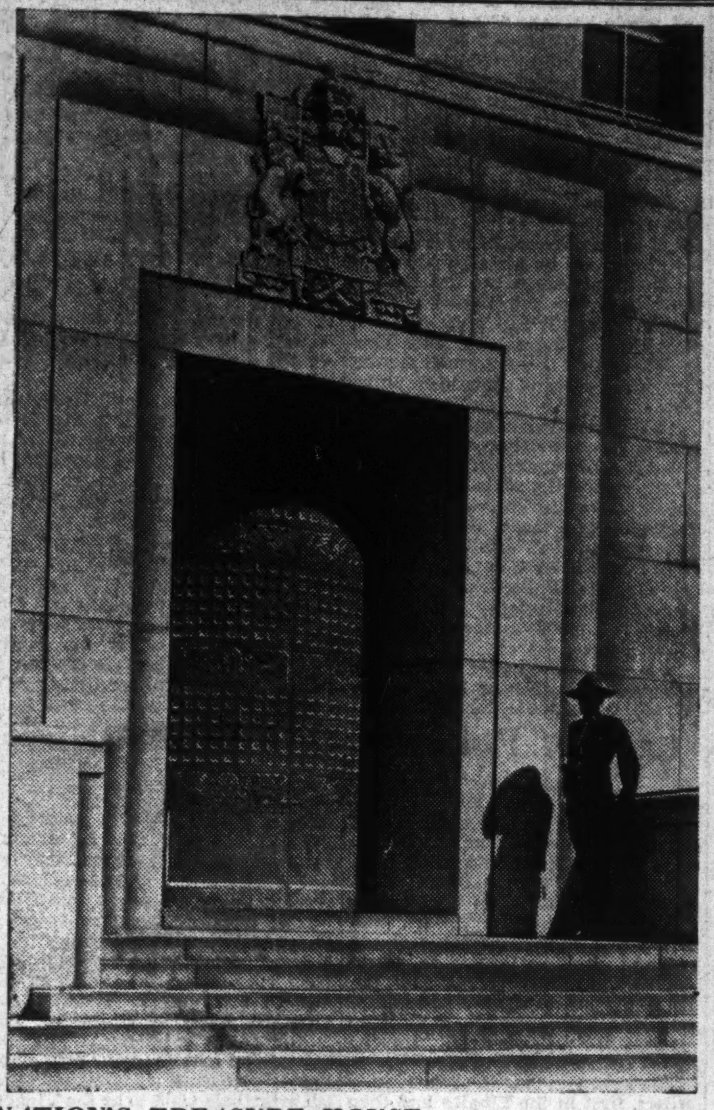
This same syndicate offered a $5 millions issue of Montreal bonds earlier in the year. This issue consisted of $2.5 millions of 3½% bonds due 1943 and $2.5 millions of 4% bonds due 1949. The 4% bonds have been disposed of, but some of the 3½% bonds remained unsold when the syndicate's option expired on June 30.

Of the proceeds of the new $4 millions issue, $3 millions is to be used for the programme of public works authorized by the Quebec Legislature at its last session. Of the remainder, $500,000 will be used for relief and $500,000 to settle claims of the Protestant and Catholic school boards against the city.

Pickle Crow Production $690,000 in 2nd Quarter

Production at Pickle Crow Gold Mines Limited in the second quarter of the year had an estimated value of $690,000 which compares with $677,572 for the preceding quarter and $564,009 in the second quarter of 1937. Details regarding tonnage and grade had not been received at time of writing.

The crosscut at the 1,350-ft. level has intersected the main vein which looked very good in the intersection. The ore showed very fair widths and there was considerable free gold in evidence when the property was visited last week by J. E. Hammell, president, and B. H. Budgeon, director of mining. Details regarding assays and widths were not available.



NATION'S TREASURE HOUSE

The Bank of Canada's new building at Ottawa is an impressive addition to the capital's official buildings. Above is the Sparks St. or "working" entrance to the structure, with the cast bronze doors closed for purpose of the photograph. Other pictures on pages 10 and 11.

Lack of Clear Cut Policy Delays Munitions Orders

Clarification of Anglo-Canadian Co-operation Seen as Essential

Broad outline of the plan under which Great Britain is placing orders for munitions and preparing to meet any emergency that may arise was disclosed this week to The Financial Post.

The plan is of wide significance in view of the possibility that very substantial orders for aircraft and a wide range of equipment and supplies may be placed in this country.

The programme is divided into two very distinct parts.

(A) A short-term programme to achieve self-sufficiency in the shortest possible time. This involves no long-term commitments in any country outside Great Britain.

(B) War emergency programme.

Everything that is happening or is likely to happen not only as to the training of personnel but the buying of equipment, raw materials

(Continued on page 2, col. 4)

Goodyear Profits Above Dividends

Goodyear Tire & Rubber Co. of Canada has again experienced net earnings for the first half of the current year substantially in excess of dividend requirements for the period. A. G. Partridge, president, in a letter to shareholders, states that a reasonable satisfactory scale of net earnings, after all expenses and the usual reserves for depreciation, taxes, and other items, has been maintained in the last six months.

A reduction in sales volume as compared with the first six months of 1937 has been experienced by Goodyear Tire. This is said by Mr. Partridge to be in line with the generally reduced volume of business obtained by the Canadian rubber industry along with other lines.

Common Sense Speculation

In Tenth Article "Trader" Warns of Common Habits That Lose Money for Investors When Bull Markets Turn to Bear Markets . . . Some "Don'ts" That May Prove Profitable

By "THE TRADER"

A bear market is obviously the reverse of a bull market. Collective preference is for cash instead of securities. Thus a bear market spells insistent liquidation of stocks and contraction of liabilities, whereas a bull market is built on increasing demand for stocks and rising liabilities.

Bear markets are anathema because they usher in hard times for business. Not on falling values and contracting activities is prosperity reared. Lowered dividends, unemployment, bankruptcies and the like sooner or later appear in a bear market.

Because we North Americans are perennially optimistic and because bearishness ultimately wreaks such havoc upon our national economies, bears will always be unpopular. Why that is so is something for the psychologist to explain. Deliberate refusal to recognize unhealthy market symptoms that may spell a bear market would seem as foolish as the avoidance of a doctor when illness threatens.

The out-and-out bear, the prophet of disaster, it would seem, will always be without honor. Notwithstanding that bear markets have rolled around with the utmost regularity for the past 50 years, the threat of liquidation and of lower prices is always generally decried until it is too late for investors to save themselves.

Stocks Can't Be Forgotten

If every owner of stocks would only adopt the mental attitude that each and every holding was impermanent, a great deal of financial anguish would certainly be eliminated. This is not to imply an abandonment of the policy of riding out a bull market until recognized, dangerous phenomena appear, but

Now, when investors and traders are nursing the wounds received in the catastrophic bear market of the last few months, is the time to survey what happened —and why.

In this article, tenth in a series on "Common-sense Speculation," the writer of Barron's weekly column, "The Trader Looks at the Market," gives sound advice on what to do in a bear market, advice that will again be of great value.

Chief characteristic of a bear market is its swiftness. One day all is serene; a week or two later panic may rage. Because the salient characteristic is encompassing breadth, the first rule in a bear market is to discard manuals, reports and all data. In appraising your stock list play no favorites.

Once a down trend gets under way it is necessary, above all, to remember that previous prices count for nothing. Leaders of a bull market usually are leaders of the ensuing bear movement. It is a good rule never to "average" a stock that has declined and it is well to put in selling orders at the market. Be on constant guard against "synthetic" optimism.

The next article will discuss the three stages of a bear market, viz., the first ominous weakening of prices, the dynamic phase of wholesale selling and the final cleaning up of liquidation. Deceptiveness of "technical rallies" will be touched on. The traditional hallmarks of the culmination of a bear market will be stressed.

The series appears exclusively in The Financial Post in Canada.

merely to emphasize the futility of believing that any issue can be put away and forgotten. In the very nature of things, bull markets are sure to result in excesses because the tendency in speculation is always for the pendulum to swing too far in one direction or another. A healthy scepticism when the skies are fairest should be part of the endowment of every successful speculator.

It takes brains and courage and a cool head to be a good bear. Almost anyone in good health and funds can be a bull. Very doubtful is it that the reputed injunction of the elder J. P. Morgan—"Never sell America short"—has done the average security owner good. It is the stubborn belief that everything is for the best on this continent that has carried thousands of investors to their ruin. Most people can recall the smugness prevalent throughout 1929 and almost everyone knows how certain were the American New Dealers in the fall of 1936 in the solidity of managed prosperity. Those who first questioned the underpinnings of the Hoover and Roosevelt booms were widely scoffed at.

What Happened to $100 Millions

The result of excessive, ingrained optimism is that a change from good times to bad is so great a shock as usually to paralyze investment decision. The chief characteristic of a bear market is its swiftness. Like a bolt from the blue comes the first wave of selling that launches a genuine or major liquidating market. One day all is serene; a week or two later panic may rage. That was the story in 1929 and it was duplicated in 1937. In a few weeks the laborious upbuilding of values for months was wiped out.

A true story may illustrate the dual point of how rapidly prices may crumble with the advent of a bear market and how impossible it is for those with over-extended commitments to make adjustment.

(Continued on page 24)

Inglis Order May be Model For Later Use

Check on Profits and Sharing of Cost With Britain Important

PRIVATE STOCK OFFER

A limited amount of public interest in the reorganized John Inglis Co., Toronto, is being developed through private offering of shares at $7.50 a share. Financing of the company was originally arranged through firm commitments on the entire authorized capital stock that was not issued as part of the deal by which the new company acquired the assets of the former concern.

This commitment was taken at $6 a share and assured the company of sufficient funds to start operations. It is a portion of this underwritten stock that is being offered privately.

Capitalization of the present John Inglis Co. consists of 250,000 common shares authorized, all of which will be outstanding on completion of existing commitments which is expected by this fall. It is understood that creditors of the old company received $100,000 in cash and the new company assumed a mortgage of $150,000 and issued 191,622 shares.

Current interest in the company and its affairs has been intensified by the obtaining of a contract to supply 7,000 Bren machine guns to the Dominion Government and 5,000 Bren guns to the British Government. Information regarding the contract with the Canadian Government, recently tabled in the House of Commons, shows that a cost plus 10% basis has been used with a limit on profit of $262,500. This does not include the profit that might be expected from the 5,000 order received from Great Britain and assuming the same basis of profit, the total would come to a little less than $500,000. It is understood that all items directly applicable to the operation of the machine gun plant are included in the cost on which the 10% profit is calculated, such as salaries, taxes, depreciation and royalties.

The two governments are providing the equipment to be used on the basis of two thirds from the Canadian Government and one third from Great Britain. As the company is well equipped to do machine shop work of almost any kind it would appear reasonable to assume that some portion of the machine work necessary to make the equipment needed would be done in the John Inglis shops.

Hope for Other Orders

It is, of course, not known whether or not there are definite prospects for further munition orders for John Inglis but it would seem reasonable to expect that, with an investment for machinery of around $3 millions, the two governments would give John Inglis an opportunity on any later orders that may be necessary.

Further hope in this regard is given by the provision that the plant must be equipped to make Enfield rifles, pistols and small arms. The Bren guns are being made under a 10-year renewable license, subject to royalty.

By sharing costs with the British Government and by the economies of the larger order thereby involved, it is estimated that Canada will save $1.3 million. It is believed that the general pattern followed here will be used in the event of further munitions orders from Great Britain in which the Canadian Government participates.

Enquiries are being received for the other products of the company and prospects from this source are regarded hopefully. Work in the 75% of the plant that will be devoted to ordinary industrial demands is now under way

Guiding spirit in the work of getting the John Inglis Co. going again has been Major James E. Hahn, formerly of Consolidated Industries now part of the Rogers-Majestic Corp. Assisting him are A. L. Ainsworth and W. R. McLachlan, both of whom were formerly associated with Rogers-Majestic.

Lake St. John Outlook Better

Will Earn Bond Interest—May Step Up Mill Operations

From Our Own Correspondent

MONTREAL.—Mill operations of Lake St. John Power and Paper Co. are currently between 45% and 50% of rated capacity and will likely continue at that rate for the balance of the month. Expectations are that a better demand will arise in August which will permit a stepping up of mill operations, but for the whole year, it is not likely that the operating ratio will be much in excess of 60% of capacity.

On the basis of returns to date and prospects for the balance of the year, the company is reasonably assured of earning full interest charges on its bonds and debentures before depreciation. Whether or not full depreciation will be earned depends upon the outcome of operations during the last half of the year.

This showing by Lake St. John is in line with that being experienced by other companies. Actual consumption to date has been about 15% under that reported a year ago. There have been a few signs of a better demand for newsprint and it is possible for Lake St. John and the other companies to appreciably increase production to take care of any rise in demand.

Paper Stocks Set Pace Whole List Moves Up

Building Shares Also Emphasized as Trend Changes and Stress is Placed on Favorable News — Slowing of Pace Seen as Natural Reaction to Fortnight's Upswing

In the last two weeks stock markets have shown a power of recovery unmatched in any similar period.

While opinion swings strongly to the belief that the trend is now changed, many investors are wondering whether or not it is too late to get in.

After such a pronounced rise an interruption is to be expected. Always in the past a rapid advance has been followed by a reaction, the amount of the drop depending on the basis of the rise.

If, as hoped, conditions are definitely improving, interruptions in the upward climb are likely to be short.

When the market turned down 15 months ago unfavorable signs were not readily apparent. While there are still many unfavorable factors to be seen, favorable news is becoming more evident.

Newsprints Lead Rise

Most popular stocks on Canadian exchanges in the latest rise have been the newsprints and this has also been true to a great extent in New York. With a gain of 56.4% in the D.B.S. index of pulp and paper stocks since June 18, large gains are indicated for Abitibi, Bathurst Power & Paper, Hinde & Dauch, Howard Smith, Dryden Paper and St. Lawrence Corp. Others, not included in this index, have shared fully in the move.

Next in line among industrials, and stated to be the most popular group with the general public by at least one large Toronto house, have been building materials. This group includes Building Products, Canadian Bronze, Canada Cement, Canadian Dredge, Canada Wire & Cable, Dominion Bridge, Dominion Glass, Foundation Co., Gypsum, Lime & Alabastine, Hamilton Bridge, Sherwin-Williams and Steel Co. of Canada. From the speculative standpoint, this group would probably be even more popular if more active trading stocks were included.

The two industrial mines, Consolidated Smelters and International Nickel, with a 15% gain in two weeks, again demonstrated their market leadership.

Machinery and equipment, with a gain of 13% since June 18, have been third in range of upward movement. This group would include such stocks as Canadian Car & Foundry, Cockshutt Plow, Ford Motor of Canada, General Steel Wares, Kelvinator, Massey-Harris, National Steel Car and Page-Hersey.

The Textile Group

Textiles and clothing, although only gaining 9.7% as measured by the D. B. S. index since June 18, are outstanding in that the gain in the past two weeks has been greater than in the move up from March 31. Apparently recognizing that a spurt in this industry already noted in the United States and the likelihood of a marked change in consumer buying, the textile group has made a comparatively favorable showing. It includes such companies as Bruck Silk, Canadian Celanese, Cosmos Imperial, Dominion Textile, Harding Carpets, Montreal Cottons, Penmans, Regent Knitting, Tip Top Tailors and Wabasso Cotton.

Less spectacular performances have been given by the beverage, oils, foods and allied products, and milling stocks. Banks also have not participated in the gain to nearly the extent of some of the leaders. Utilities have given closer to an average performance.

Gains in Canada have not been as pronounced as in New York but have been large. Average of the Dominion Bureau of Statistics give a reasonable gauge to the way various groups of stocks have behaved as well as measuring the actual extent of the rise.

Since March 31 the 96 stocks in this index have gained 18.2% or from an average of 87.9 to 103.9. From June 18, when the latest rise got under way the gain has been 9.4% in the combined index.

Any idea, however, that the scope for further rise in stock prices has been exhausted is removed by a comparison of the averages for the week ended June 30 this year and the same week a year ago. Without exception stocks are still well below price levels prevailing in June, 1937, as the following tabulation illustrates.

D. B. S. Stock Averages

	Latest Week	Year Ago
Machinery & equip.	117.3	143.4
Pulp & paper	20.5	35.9
Milling	88.1	102.5
Oils	174.8	216.8
Textiles & clothing	56.9	77.3
Foods & allied prods.	160.8	176.4
Beverages	111.9	128.3
Building materials	135.1	179.3
Industrial mines	418.0	507.4
Industrial average	169.5	207.1
Banks	83.5	90.9
Utilities	46.4	62.5

Few will take exception to the statement that the source of the

(Continued on page 2, col. 2)

Orange Crush Earnings Up

Continuation of Present Trend May Permit Common Dividend

Orange Crush Ltd., has so far this year experienced an improvement in both sales and profits over the corresponding period of a year ago. The company's business is highly seasonal and the summer months ordinarily account for by far the larger proportion of the year's profits.

Last winter, however, sales were well maintained and even showed some improvement over a year ago. This has continued to the end of May and in place of a small loss as experienced in the first seven months of the year ended Oct. 31, 1937, the company is able to report a small profit.

In spite of what is considered comparatively unfavorable weather conditions in June, sales for Orange Crush were ahead of June of last year.

Common Dividend Possible

With maintenance of the rate of gain shown so far this year and with continuation of good business prospects for the balance of the year, it is likely that Orange Crush will be able to report earnings of about $1 a share on its common. If this objective is realized it is quite likely that a small dividend, the first on this stock, will be paid on the common.

In the year ended Oct. 31, 1937, Orange Crush net profits were equivalent to $1.23 a share on its new preferred stock, on which annual cumulative dividends of 70 cents are paid, and 35 cents a share on the common.

Two years ago Orange Crush was reorganized and as a result the accumulated deficit was eliminated, arrears of preference dividends settled and annual dividend requirements on the preference placed more in line with prospective earning power.

Manitoba Vote Expected Soon

Result in Saskatchewan Likely to Speed Appeal to People

By STAFF WRITER

WINNIPEG. — There are indications that Premier Bracken and his Farmer-Liberal Government may soon go to the country. Rout of the Social Credit forces in Saskatchewan has removed the threat of a "funny money" victory in Manitoba and has encouraged the Premier to consider a vote that would strengthen the Government's position. At the present time Mr. Bracken is dependent for his majority upon a handful of Social Crediters and it is no secret that he has never felt comfortable in his association with them.

Most of the Social Credit debating clubs and other societies that were flourishing in Manitoba a year ago have fallen by the wayside and some of the Social Credit leaders have gone into virtual eclipse.

Public opinion is believed not to favor an election so soon, particularly as there are no major issues. But Mr. Bracken apparently feels that his Government should be strengthened, with a clear one-party majority, in order to press the province's case in the Dominion-provincial reallotment of jurisdiction, a case which was well outlined before the Rowell Commission.

Highlights of the Week

The Canadian Pavilion at the Empire Fair is doing a brisk business with an average daily attendance of 35,000, H. L. Southall, editor-in-chief of the MacLean Publishing Co. business newspapers, reports from London. Mr. Southall gives some interesting sidelights on the type of Canadian merchandise which is finding favor in the Englishman's eyes.

Canada's Sales at Glasgow—p. 7.

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The budget speech of Newfoundland's commissioner of finance this week presents figures which show improvement in the economic conditions of the island. This improvement and serious problems still to be faced are dealt with in a special supplement.

The New Newfoundland—pages 13 to 20.

The new Bank of Canada building at Ottawa sets a new precedent in banking architecture. An illustrated article shows how the triple function of Canada's central bank has resulted in a fusion of two distinctive elements.

Bank of Canada Builds—p. 10.

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MEN'S SHOP

INVESTMENT in Style and Comfort

For townwear or business during the hot days of July and August. These Men's Shop Tropicals are as smart as any lounge suit yet actually ounces lighter in weight. Besides the lighter shades there are also darker, patterned materials particularly suited to the office. Sizes 36 to 42... each suit cut from fine wool tropical weight cloths. 2-piece suit

$23.50, $25.00 and $30.00.

Purchase these suits on EATON'S Budget Plan, if you wish.

MEN'S SHOP

BAY STREET SECTION

EATON'S-COLLEGE STREET

The Nation's Business

(Continued from page 1)

caucus, Finance Minister Dunning urged low tariff westerners to wait for the new agreement before they did any "bolting" from the party.

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THE recent statement of U. S. Ambassador J. P. Kennedy that "the present is a difficult time to reach any agreement" carries no implication that the treaty negotiations have broken down, particularly as he is reputed to have said privately that the U. S.-U. K. trade treaty would be ready before the end of July. Nor can a similar interpretation be placed on the withdrawal of Australian officials from trade parleys in U.K.

Present indications confirm the view expressed previously in The Financial Post, that the treaty is delayed by reason of details rather than disagreement as to principle. But the Government should give some indication as to when and how it will appear.

* * *

Housing Aids Of Doubtful Value

WHILE framing legislation to stimulate lagging construction activity in Canada, the Government has as yet not grappled with fundamental factors that hold back building. These factors are:

1. Lack of confidence among businessmen and citizens generally. This is fostered to a considerable extent by absence of any productive move by the Government to achieve financial soundness through curbing expenditures and reducing taxation.

2. Discouragement to prospective builders created by the high level of local taxation on land and buildings.

It will take some time to implement any remedial measure the Rowell Commission may recommend for the property tax problem. There need be no delay in cutting Dominion expenditures. In the meantime the Government's housing palliatives are of doubtful effectiveness and unsound in principle.

* * *

ONE of these palliatives is the plan whereby Ottawa pays a share of taxes on owner-occupied homes costing $4,000 or less and built within the next 2½ years. Another is a tax exemption proviso for all low-rental projects started under the Act, whether these are carried out as a municipally sponsored scheme or by limited dividend corporations. Municipal taxes on such projects must not exceed 1% of cost.

The first of these marks Dominion entry into a field of very doubtful legality. The plan is artificial and may lead to much abuse. It creates a dangerous principle in extending federal aid to municipal authorities and undertakings over which Ottawa, in the last analysis, has no control.

As for the stipulated tax exemption on low rental projects, this has already been protested as discriminating against ordinary owners of residential property. In effect, the proviso compels a municipal subsidy to such projects, over and above the financing aid afforded by Dominion, provincial and municipal authorities. This is a further entanglement with municipal administration.

Baxter Discovers Bombed "British" Ship is Greek

Should Britain bomb Franco because he bombs British Ships?

Beverley Baxter writing in London's Sunday Graphic replies, "No."

"In my opinion direct intervention would be madness. It would upset the whole balance of our influence in the rest of Europe," he declared.

Who owns these "British" ships which are being sunk by rebel bombs off the Spanish coast?

Mr. Baxter at random looked into the business set-up of one company whose vessel was recently sunk.

"A few days ago, the British ship Thorpeness was sunk by air fire in a Spanish port," he writes. "It belongs to the Westcliff Shipping Co. Nothing could be more British than those names except the Union Jack flying from the ship's mast.

"The Westcliff Shipping Co. was registered at the end of 1936. One might say that it was formed for the purpose of sending ships to troubled waters.

"The company has three directors who are also the shareholders. The share capital consists of 1,000 shares of £1 each. All this is perfectly in order and quite correct. There is only one item more. Who are the directors? Mr. Basil Pandelis, Greek, Mr. John Catopodis, Greek; Mr. Gordon Till, British.

"And their holdings. The two Greeks own 499 shares each. Mr. Till owns two shares.

"I have not the honor of knowing either Mr. Pandelis or Mr. Catopodis although I am sure they are charming as well as being good businessmen. On the other hand, I do not see, merely because they have purchased a British ship, that we should intervene in the Spanish civil war to ensure their large profits.

"Do not imagine that the Thorpeness is an isolated example. The exploitation of the British flag by foreign opportunists at this time is far-reaching. As the law stands, it is perfectly legitimate.

"Big risks. Big profits. That is as old as the hills. Mr. Chamberlain is denounced as a coward because he refuses to underwrite those risks with the British Navy and the British Air Force.

"The one great stabilizing factor at the present time is the strength and the detachment of Great Britain. At all costs that must be maintained."

Oliver Stanley, young president of the Board of Trade, this week rebuked those holding Mr. Baxter's views. "Ownership of capital," he told the House, "has never been a determining factor in the registration of British ships."

He drew cheers when he added: "I would remind the House . . . that before the war the White Star Line share capital was largely held abroad (U.S.), although its vessels were registered under the British flag, and we had every reason in 1914 to be thankful for that fact."

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Stock Story Told by Averages

Illustrating both the extent of the stock market movement of the past two weeks and permitting an easy comparison between various industries, the following tabulation is based on the Dominion Bureau of Statistics index of stock prices.

D. B. S. Group Averages

	Mar. 31	June 18	June 30	Gain by June 30 over Mar. 31 %	Gain by June 30 over June 18 %
Machinery & equip.	90.3	104.0	117.6	30.3	13.0
Pulp and paper	12.6	14.0	21.9	73.8	56.4
Milling	66.5	83.4	88.6	33.2	6.2
Oils	156.2	164.1	172.7	10.6	5.2
Textile and clothing	54.7	54.1	59.4	8.5	9.7
Foods and allied prod.	145.7	156.6	161.6	10.9	3.1
Beverages	92.2	105.8	112.8	22.4	6.6
Building materials	103.1	120.1	137.0	32.9	14.0
Industrial mines	331.0	367.5	422.8	27.7	15.0
Industrial average	142.0	154.3	169.7	19.5	10.0
Banks	79.3	80.4	85.3	7.5	6.0
Utilities	39.8	43.3	47.1	18.3	8.7

Paper Stocks Set Pace As Stock Market List Moves Up to New Level

(Continued from page 1)

stock market decline of the past 15 months can be found in conditions in the United States. But for the first time in many months there are definite signs of a business upturn in that country. The New York Times' index of business activity touched a low point of 75% of normal in the week ended June 4. By June 25 it had risen to about 77.3. In an appraisal of the present situation, Winthrop W. Case lists on the credit side heavy industry, textiles and shoes, agricultural outlook, government spending, the stock market and the natural forces of recovery. These all have favorable aspects stronger than the unfavorable summarized as unemployment, the railways, electric utilities, the foreign situation, taxes and the budget. On the basis of this analysis he concludes:

"The balance of these items appears to be on the credit side of the ledger. Whether, on the other hand, the credit balance is large enough to spell real dividends must await further entries from the summer's business."

Political Factor

Under conditions such as prevail today at least three things seem to indicate that movements of the stock market are going to be sharper and a little more unpredictable than in the past. The first of these may be called the political factor and it is particularly applicable to the United States where conditions have many times demonstrated their influence on this country. When business and the stock market place a lot of stress on actions of governing bodies and speeches of politicians uncertainty seems naturally to be exaggerated.

The European situation is also fraught with uncertainties.

Another factor which seems to contribute to the sharpness and unexpectedness of changes in direction is the inflationary aspects of economic conditions.

The time factor is one that cannot be ignored in making any study of stock market actions. The bear market beginning a year ago last March lasted for about 15 months with only minor interruptions. Moreover it came after an upward movement that had lasted for about two years. At least in Canada, and probably also in the United States, the possibilities of recovery after about five years of depression and bear markets had not been exhausted. As was often said, conditions did not seem ripe for a prolonged depression in such matters as overextended credit, overbuilding in industry and to only a comparatively minor extent in stocks of commodities. If for no other reason than this it would seem reasonable to look for at least some months of recovery, not necessarily without interruptions and periods of hesitancy, but with the major trend continuing upward.

Commodity Prices

Probably one of the most encouraging features of the recent business situation has been the apparent reversal of the downward trend in commodity prices.

It was the turning of commodity prices downward early last year that gave the clue to the deflationary movement that followed. Commodity indices turned up at the end of May after a dip toward the end of that month and a long period of slow declines from last December. The Dow-Jones index of commodity futures opened on June 1 at 44.92 and closed on July 1 at 50.38. Moody's index of spot commodity prices shows a similar movement, going from 130.1 on June 1 to 143.1 on July 1.

Lack of Policy Delays Arms Orders

(Continued from page 1)

and provisions as well as the actual munitions, must be studied in light of this twofold programme.

Under part "A" the British Government has made an estimate as to what supplies, personnel, materials and equipment are required to meet existing threats to world peace. The Government first enlisted the aid of every British factory and service with a view to meeting the nation's need primarily in the country itself.

The next step was to place further orders, first in the Empire and then in foreign countries to provide sources of supply only until such times as the new British plants and established domestic sources could fill the need.

Temporary Orders

With one or two exceptions, all the actual or potential business which Canada is likely to obtain in the near future from the British Government falls under part "A." This is business which will only be available until such time as Britain can herself take up the slack. It contemplates no permanent "arsenal of Empire" being established in this or any other country.

If as and when Canada receives substantial orders for aircraft these will be part of the short-term programme. That is, they must be considered more a temporary development than an indication that Canada is becoming an arsenal of Empire. Some airplane equipment and parts such as for example airplane engines may, however, be ordered from shadow plants as part of the war emergency programme.

The war emergency programme is the provision of a detailed "blue print" of all available and potential sources of supply in the event of an emergency developing. This plan obviously includes Canada and other Empire countries as well as Great Britain herself. It is a plan which would quickly involve the bulk of Canadian industrial establishment and sources of supply, if, as and when the emergency did develop.

There are one or two exceptions to "A" and "B" plans outlined, which are important.

For example, the four "shadow plants" which have been already created through initial specific orders are exceptions or adaptations of the "B" plan to meet a war emergency.

"Shadow Plants" in Canada

In effect, the British Government is prepared to set up initial "shadow plants" at key Canadian and Empire points to manufacture highly technical equipment such as guns, gun turrets, and possibly airplane engines. Such items as these could only be procured after long delay even in the event of an emergency. Accordingly, the British Government is taking steps to develop certain sources of supply in Canada along these lines.

These shadow plant orders are disappointingly slow in materializing. This is accounted for possibly by reason of the fact that they are not part of the immediate short-term objective, but are more concerned with a long-range objective in connection with emergency plans.

An important "shadow plant" contract currently reported under discussion involves the Waterous Engine Co. plant at Brantford, Ont. Nothing definite has apparently been settled and many months may elapse before any contract is signed. British principals (said to be the Vickers-Maxim group) are apparently so preoccupied with their own orders that "shadow" contracts of this type are difficult to negotiate and obtain. Should this materialize it may involve manufacture of such things as gun turrets, etc.

Quiet Buying Under Way

Another exception to these broad plans is the provision of certain raw materials such as chemicals, metals, foodstuffs, etc. A considerable amount of "quiet buying" has already been done along these lines. At the same time plans are being laid under programme "B" to make available these sources of supply in the event of emergency. In short, there may be a considerable number of items of interest to Canada which will therefore fall under both plan "A" and plan "B."

With Britain definitely in the market for vast quantities of material, equipment, etc., to meet the requirements of plan "A," any bargaining or friction between the two governments as indicated by the R.A.F. training school controversy becomes of vital importance to Canadian business.

To clarify Canadian policy the plan most generally favored is that Ottawa should immediately set up its own "Ministry of Supply" which would co-ordinate under Dominion auspices and control all questions affecting munitions and armament supply.

Presumably such a committee would be empowered to work out a suitable plan for the training and supply of personnel such as R.A.F. pilots as well as the supply of raw materials and manufactured equipment.

It is argued that the appointment of such a body should not await the development of any real emergency. It might then be too late to ensure effective administration and efficient effort. Experience of Imperial Munitions Board during the war is said to have revealed the weakness of having in Canada a British-controlled buying organization even though the personnel of that body was composed in part at least of Canadians. The ideal approach in order to take full advantage of Canadian specifications, Canadian technical skill, sources of supply, etc., is thought to be the creation of a purely Canadian body with complete jurisdiction and authority to co-ordinate and co-operate with the British Government.

As pointed out last week in The Financial Post and subsequently confirmed by Hon. Ian MacKenzie in the House of Commons, Canada has already developed, in a small way, its own training facilities for pilots who subsequently find their way into the British air force. Mr. MacKenzie disclosed that 120 such men have gone over annually and that further men are now being trained at Trenton, Ont.

Whether or not this system is satisfactory to Great Britain remains to be seen. As discussed by Col. George Drew in a radio broadcast two weeks ago, Canada has no proper equipment to train modern air pilots.

Vigorous action may also be necessary under government leadership to ensure the placing of potentially large aircraft orders in this country.

Already a substantial order for 400 planes has been given to the United States—doubtless because its plants are immediately available to produce certain types of aircraft in rapid order.

Because these planes are needed immediately as part of plan "A" in the British programme, the time element becomes of considerable importance. Any discrimination against Canada by reason of her failure to co-operate on questions of broad governmental policy might mean the loss of important business.

At present Canada has no effective machinery, it is argued, for handling and co-ordinating not only potential British business but also its own munitions and defense plans.

It is therefore urged as imperative that some permanent Canadian body be set up not only to deal with business which may be placed under the first part of the British programme but also to stand ready in the event of an emergency.

City of Quebec To Offer Bonds

L. G. Beaubien & Co. and Syndicate to Offer $2.2 Million Issue

From Our Own Correspondent

MONTREAL.—City of Quebec will be in the market in the near future with a $2,264,400 loan. Details of the issue as regards maturity and rate of interest are not available, but it is understood the cost to the city, exclusive of the commission to the syndicate making the offering, is to be less than 4%.

As in the case of the last loan the issue is to be offered by a syndicate headed by L. G. Beaubien & Co. The issue is not firmly underwritten, being under option. A commission of one eighth of one per cent will be paid to the syndicate on all bonds taken up.

Included in the total is $300,000 for financing of the 1937-38 deficit, $893,300 to meet maturing obligations, $611,000 to finance the deficit on workmen's houses, $358,700 for direct relief and $78,100 for paving works.

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Pressed Metals

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Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Dominion—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Canada Treasury Bills	July	....	....	Sept. 30/38	$25,000,000	99.879	0.479

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Congregation des Soeurs Antoniennes de Marie	July	Dube, Leblond & Co.	4%	1940-50	$175,000	100.00	....
Com. Catholique Scolaire Sainte-Jeanne De Chantal	July	Credit Anglo-Francais	3½% and 4%	1939-53	50,000	100.00	....

Liv. Lond. Globe Gives Statement

General growth is reported in the 102nd annual statement of the Liverpool and London and Globe Insurance Co. Ltd.

Net premiums for 1937 on fire, life, casualty, marine and other business were $50.9 millions compared with $48.9 millions in the preceding year. Net interest earnings totalled $4.6 millions compared with $4.5 millions.

Assets at the 1937 year end totalled $163.7 millions; for 1936, $161.8 millions, main change being in higher holdings of bonds and stocks.

Reserve for unearned premiums, fire, accident, etc., is about half a million higher than the previous year at $17.6 millions. Life, marine and other funds are reported at $72.6 millions, compared with $69.8 millions in 1936. Net surplus and special reserves stand about the same at $29.9 millions.

Foreign Bonds

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The Liverpool & London & Globe Insurance Company Limited

ONE HUNDRED AND SECOND ANNUAL STATEMENT

December 31st, 1937

Net Premiums (Fire, Life, Casualty, Marine, etc.)	$50,926,645.00
Net Interest Earnings	4,590,526.00
Total Income	$55,517,171.00

ASSETS

Mortgages	$ 4,306,952
Loans	3,783,628
Investments	133,067,892
Real Estate	6,249,971
Unpaid Balances and Premiums	8,148,510
Other Assets	3,621,445
Cash in Bank and on Hand	4,530,952
	$163,709,350

LIABILITIES

Capital Paid Up	$ 5,310,500
Debentures	4,427,828
Unpaid Losses and Claims	25,068,408
Sundry Liabilities	8,774,817
Reserve for Unearned Premiums, Fire, Accident, etc.	17,648,750
Funds:	
Life and Annuities, Marine, etc.	72,610,305
Net Surplus and Special Reserves	29,868,742
	$163,709,350

£ Sterling taken at $5.00

HEAD OFFICE FOR CANADA

MONTREAL

LEITH ROSS

London Calling

by Atticus

British Premier's Logic May Not Rouse Cheers But Europe Finds Security in His Realism

"Do what we can, summer will have its flies."—Emerson.

"Summer has set in with its usual severity."—Charles Lamb.

LONDON.

If anyone doubts the truth of the profound utterances at the top of these notes they should examine the general temperature of the political speeches now being made in Britain. We are now entering upon the dangerous season when tempers rise with the thermometer and heat is engendered in the human soul as swiftly as in the human body.

My readers will know by this time my partiality for R. G, Menzies of Australia. He is in fact my favorite attorney-general. Therefore it is more in sorrow than in anger that I must protest that he was less than fair to the British press in his broadcast the other night to Australia. Mr. Menzies, no doubt affected by the tropical heat of these islands, accused the British sporting writers of monstrous unfairness and a lack of Empire feeling in their criticism of the Australians for batting so slowly in order to avert defeat in the last Test Match. Actually the cricket correspondents here went to the very boundaries of boredom to prove that the Australians were quite right in their tactics. This falling off in the perfectly poised judgment of my friend from the Antipodes can only be attributed to the sun.

It is in the House of Commons, however, that one realizes that summer has arrived in all its severity. One does not need a calendar at Westminster. When the phrase is heard "a Government of poltroons" one knows that it is nearing July. Mr. Attlee, usually a gentle soul, worked up such steam that on Thursday night he accused Mr. Chamberlain of "cutting an abject figure" before the world. Like master like man. One of the Opposition at a later stage in the debate took exception to the smile on the face of a Conservative private member.

"The honorable member has been sitting with a smile on his face—that is perhaps paying a compliment to his facial contortions—during the whole time . . ."

At which the Conservative replied:

"I can only commiserate with the honorable gentleman on his eyesight, because I am sure that those with clearer vision on the same benches will tell him that those grimaces existed rather in his own fertile imagination. A stricter attention to the saner forms of rhetoric would make his utterances far more valuable."

There was a breeze earlier in the same debate when three interrupters in the public gallery shouted out that the Government was murdering British sailors. It appears that during the turmoil someone suggested that the demonstration was organized by the Opposition. This drew the ranks of Tuscany to their feet in a fury of righteous indignation and the suggestion was duly withdrawn.

Taking advantage of the "License of ink" I must confess than since the debate was an unexpected one on the adjournment and was therefore unknown to the general public, I find it difficult to do away entirely with the thought of collusion between someone and the interrupters. On the other hand it may have been just one of those conspiracies of spontaneity which confound the legal mind and obscure the laws of evidence.

At any rate it all adds strength to the case of those who believe that Parliament should adjourn at the end of June and resume a month earlier in the autumn.

* * *

A King's Adviser

It was with considerable interest that I attended a luncheon last week given by the Roumanian minister in honor of Dr. Tatarescu. This distinguished figure in Roumanian politics is known to have the complete confidence of King Carol. And since King Carol is the absolute dictator of his country, we cannot be far wrong in assuming that the voice of the King and his emissary are pitched in the same key. Nor would I go so far as to suggest that the question of credits for Roumania did not occupy a portion of our distinguished guest's mind.

Dr. Tatarescu, who is a fine looking man of 46, was a Liberal and a lawyer in 1934 when the Roumanian premier, Mr. Duca, was assassinated by the anti-Jewish semi-Fascist organization known as the Iron Guard. The result of that assassination and the inadequate punishment of the criminals seemed to portend a period of political violence. The murdered premier had been a strong advocate of closer relations with France. Since Dr. Tatarescu was also a strong friend of France it can be seen that the acceptance of the premiership demanded courage of a high order. The reasons for doing away with M. Duca applied equally to him.

The new premier had a difficult time. For one thing he had to try and work with that stormy petrel, M. Titelescu, who regarded his country's foreign affairs as his personal concern and preferred to administer his department from Geneva or some other spot in Switzerland. On the other hand the prime minister was successful in strengthening the bonds of the Little Entente against the seductions and threats which it would have to meet in the years ahead. When Dr. Tatarescu finally fell last year the chaos that followed paved the way for the King's bid for political power. When the new constitution comes into force in Roumania, providing for a reduced form of parliamentary government, I imagine that we shall see Dr. Tatarescu once more as prime minister.

* * *

The Target

It is no secret that Mr. Chamberlain's political opponents have decided to concentrate their attacks on him rather than on the Government as a whole. The lack of a Foreign Secretary in the Commons makes it possible to force the Premier into the ring at almost any time. The result is that every major storm breaks about his head. Mr. Chamberlain would be more than human if he met every attack at the top of his form. His very honesty and his dislike of oratorial artifice sometimes causes him to put his case on a lower emotional level than it deserves. Thus, while giving a perfectly logical explanation of the Government's policy in regard to the bombing of British shipping in Spanish waters, he failed to invoke the spirit of Drake or Nelson and curse the bombers in spite of the fact that they may be within their rights. By his studious moderation he left all the tub-thumping to his opponents and naturally roused little cheering among his own supporters. Pure reason is one of the glories of the mind, but does not produce emotional frenzy in the breasts of others.

Yet one must wonder if the House of Commons is at all times a faithful reproduction of outside opinion. When I was recently in Central Europe I discovered that there was the same conception of Mr. Chamberlain in the minds of almost everyone with whom I talked. They saw in him a realist who would not be drawn into monor quarrels or distractions but would keep the strength of Britain unimpaired in order to lend its influence when a vital situation arose. Europe finds a sense of security in the contemplation of Mr. Chamberlain's qualities of calm and patience which have been so furiously denounced in last week's debates. Perhaps that is more important and more lasting than a dramatic success on the floor of the House which would send his followers into the lobby in an ecstacy of enthusiasm.

* * *

A Royal Visitor

It is to be hoped that when King Carol comes to London in September on a state visit to Buckingham Palace he will not be subjected to any more disgraceful attacks such as he endured when he was here for the funeral of King George V.

It would be bad taste even to recall now the canard that was published on that occasion in an obscure periodical. Unfortunately the more sensational American newspapers gave immense prominence to it and the story literally encircled the globe. It has since been established that the slander was completely without foundation. The worst offender in the American press was fair enough to apologize and to declare that the facts which it published in good faith were entirely untrue.

It is impossible not to be interested in King Carol. Not long ago, in a conversation which I had with him, he said: "It is not possible to be the same kind of a king in Roumania as in England." It may have been that he was fitting his philosophy to his actions in saying so. Certainly at the present time he combines the rôle of Little Father to his people with those of political and economic dictator. He is determined if it is possible to keep his country independent of German economic domination. It is difficult because Germany is offering the highest inducements in the way of supplying machinery, building docks and generally giving to Roumania the industrial equipment which she lacks. His enthusiasm for the education of the children of his country is so great that he has organized village centres at his own expense and visits them as often as possible. His other passion is for pictures. I prophesy that when he comes here in September we shall lose to him at least a Gainsborough and a Reynolds.

* * *

KING CAROL

Britain's Adviser

At the luncheon which I mentioned earlier in these notes I had the pleasure of meeting for the first time a man whose services to his country are just beginning to be realized by the public. I refer to Sir Frederick Leith-Ross, who is in charge of our interests at the present time in regard to the Austrian loans. If Sir Frederick's work as a civil servant were rewarded according to the standards of private enterprise his salary would not be less than £25,000 a year. As a civil servant, however, he is remunerated on an established scale which does not distinguish between routine duties and extraordinary activities.

Sir Frederick's father was a banker in Mauritius, that little-known part of the Empire which is said to produce women of great fascination. The son was educated in England and, after a brilliant career at Balliol, entered the Treasury and shortly afterward became private secretary to the Prime Minister, Mr. Asquith.

It was not, however, until after the financial crisis of 1931 that the genius of Leith-Ross had its great opportunity. A body of economic experts was appointed to advise the Government on financial and economic matters. Sir Frederick (then Mr.) Leith-Ross was placed at the head and given the title of Chief Economic Adviser to the Government. Since then he has become almost a legendary figure. It is not too much to say that as our Economic Adviser he has become one of the most powerful men in the world. His duties take him to many lands and the earth is said to tremble where'er he walks. When he went to China as the head of the British Financial Mission in 1935 Japan delegated a score of experts to shadow him.

In spite of the disordered condition of the world Sir Frederick never loses faith in the ultimate return of economic sanity. He played an important part in the changeover of the fiscal policy of the nation from free trade to tariffs. His greatest disappointment was the failure of the world economic conference in 1933. He had much to do with bringing it about and deplored the consequences which he felt would inevitably follow its collapse.

Sir Frederick's worries embrace the whole world, but he possesses the priceless boon of sleep and good health. When he gets the chance he swims and claims it is the best form of exercise. If he goes to Berlin to discuss the Austrian loans the German Government will realize that in this tall 51-year-old Scot they will have to deal with a man of vast experience and great character.

* * *

The Queen's Mother

It was a cruel blow that the death of the Countess of Strathmore should have come on the very eve of the tribute which France was to pay to the King and Queen. She would have taken a great pride in that event, and the Queen's happiness would have been the greater because of the knowledge that her mother was with her in spirit. There was a rare and beautiful relationship between mother and daughter. The serenity and dignity and goodness of the mother lived again in the Queen of England. Nor did the relationship lack humor or candor. Over everything else, however, there was a gentleness that pervaded it all.

Perhaps I can tell this little incident now. In these notes I described at some length the opening of Parliament which took place last year. In my account of it I mentioned what all of us sensed—that is the courage and understanding which the Queen gave to her Royal husband in the ordeal which he had to face and which he so successfully surmounted. A day or so afterward I received a letter from Lady Strathmore. It began: "You must forgive my bothering a man who must be very busy and please don't trouble to acknowledge. I feel though, as the mother of the Queen . . ." and then followed some kindly and undeserved words of appreciation. It was a graceful and spontaneous action by a great lady to whom motherhood came first and whose joy was in her children. There is to be no court mourning nor no national pageantry of grief, but the whole country realizes how deep is the loss to the Queen.

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Bank Change Not Perfect Finance Minister Admits

What was on the Government's mind when it proposed the change in the set-up of the Bank of Canada seems to have been revealed by Mr. Dunning in presenting his measure to the House.

Mr. Dunning broadly indicated that the present complete nationalization move which he is sponsoring is not to his liking but appears to be the most desirable action under the present situation.

The Minister of Finance said: "Personally I hold the view that what was done here two years ago represents the best form of control of a national bank. I say that still."

In referring to Mr. Bennett's point of view, Mr. Dunning added: "I'm somewhat in the same position as Mr. Bennett who earlier this session said he had to set up the bank in the way he did in order to prevent the evils of party patronage from entering into the constitution and staffing of the original organization."

Political Controversy

"The reason the Government advances to this step is that during the past year it has become evident that there is to be not merely political controversy with respect to monetary policy generally which, of course, is permissible and desirable, but political controversy relating to the constitution of the Bank of Canada which is the chief instrument through which this Parliament exercises its control over monetary policy in the country. The Government is of the opinion after watching developments during the past two years that it is highly undesirable and very much against the national interests.

"The Government is hoping by this legislation to quiet any discussion or any divergent view regarding the constitution of the bank and to confine discussion to what shall be done with the instrument."

Winding Up Zimmerknit

Charter of Zimmerknit Co., amalgamated with York Knitting Mills in June, 1937, will be surrendered, as soon as all matters in connection with the winding up of the company have been dealt with, V. W. Scully, liquidator, announced, following a meeting of directors.

Can. Converters Earnings Higher

Slump in Last Half of Year Keeps Down Earning Power

From Our Own Correspondent

MONTREAL.—Canadian Converters Ltd. reports a moderate expansion in earnings for year ended April 30, 1938, when gross income totalled $37,552 compared with $30,334 the year before. After providing for prior charges, net earnings on the capital stock were equal to 50 cents a share as against 7 cents a share the year before.

The year opened with considerable promise, according to President John M. Mackie, but the final six months were unsatisfactory, and the company's sales were adversely affected by the generally lower trend of business. Business at present is still low and the future outlook uncertain, he said, but the company is in a position to benefit from any improvement that may follow a general upturn.

Inventories at $495,267 have been reduced from $559,875 and brought into line with present market values.

Comparative figures on the profit and loss account follow:

Income and Surplus Account Years Ended April 30

	1938 $	1937 $
Gross income	37,552	30,334
Less: Exec. salaries*	15,010	14,760
Depreciation	12,000	12,000
Income tax	1,750	200
Net income	8,692	1,237
Dividends paid	......	34,670
Loss for year	‡8,692	33,433
Previous surplus	466,912	500,345
Surplus forward	475,604	466,912

*Includes directors' fees.
‡Profit.

Working Capital Position

	1938 $	1937 $
Current assets	625,526	731,513
Current liabilities	54,147	150,785
Working capital	598,379	580,728

Southern Canada Power Calls Meet

Propose to Write Off Bond Discount Against Capital

From Our Own Correspondent

MONTREAL. — Southern Canada Power Co. has called a special general meeting of shareholders for July 22 to consider a by-law to permit a decrease in the share capital of the company. It is proposed to write off the unamortized discount on bonds, now standing on the books at $672,000, against the book value of the common stock. This will mean a writedown in the book value of the 400,000 common shares from $8,672,000 to $8 millions or $20 a share.

In the letter accompanying the notice calling the meeting, the company states that the proposed by-law, while involving a technical reduction of capital, has for its object the simplification of the company's balance sheet by the elimination of this item from the assets side, and a corresponding reduction in the amount shown on the liabilities side.

The equity of the shareholders in the property, assets and earnings of the company will not be affected.

Ontario Towns Plans Ready

New Toronto, Mimico and Midland Proposals Presented

Refunding plans for New Toronto, Mimico and Midland, all in Ontario, have been completed and are now being recommended to debenture holders by the committee. Each of the plans has been approved by the Department of Municipal Affairs, the municipalities concerned and, in the case of Midland, by the county of Simcoe.

Essential features are quite similar and can be summarized as follows:

(1) Present debentures are to be exchanged for the same face value of new debentures maturing from 1938 to 1973 inclusive for Midland, 1939 to 1968 inclusive for Mimico and 1939 to 1973 inclusive for New Toronto. New debentures will bear interest at present contractual rates until original maturity dates; thereafter at 4½% until paid.

(2) Maturities of new debentures will be allotted to holders in the order of the maturity dates of present debentures.

(3) New debentures will be callable on any date on 60 days' notice at par and accrued interest.

(4) New debentures will be dated July 1, 1938, with interest payments falling due on the same days as present debentures for which they are exchanged.

(5) Interest accrued from date of last payment to June 30, 1938, on present debentures will be paid on unmatured debentures at present coupon rates; on matured debentures, claims for interest will be calculated on the basis of coupon rates to date of maturity and at 4½% thereafter to June 30, full settlement of these claims will be made by cash payments at time of exchange to the amount of 90% of such claims for Midland, 60% for Mimico and 85% for New Toronto.

The town of Midland debentures will be guaranteed by the county of Simcoe. All three towns will remain under a modified form of supervision by the Department of Municipal Affairs and expenses of the refunding will be paid by the municipality.

Acadia Sugar Refining Reduces Common Dividend

From Our Own Correspondent

MONTREAL.—Acadia Sugar Refining Co. paid a dividend of 2% on its common stock on June 1, 1938. This was equivalent to 10 cents a share on the $5 par value shares.

The last previous payment by the company on the common stock was 4%, or 20 cents a share on Dec. 1, 1937.

The common stock is not on a regular dividend basis, so that the reduction in the dividend distribution does not necessarily imply a decline in earning power.

General Steel Shares Listed

An additional 112,500 common shares of General Steel Wares has been listed on the Toronto Stock Exchange, bringing total listing of the common to 312,500 shares.

Wabasso Cotton Co. Elects Mackay Vice-Pres.

From Our Own Correspondent

MONTREAL. — Wabasso Cotton Co.'s annual general meeting was routine, with the directors re-elected.

At the meeting of the directors held immediately following the annual meeting, the officers were re-elected with the exception of James W. Pike, who was replaced as vice-president by Hugh Mackay, K.C.

WANTED: An executor experienced in settling many estates, with a knowledge of taxation, real estate, securities, business and accounting; who never takes a vacation or becomes ill; who will be available at all times to administer my affairs when action is needed; and who will be ready to take up his duties at a moment's notice, even if that notice does not come for many years.

THESE requirements may sound unreasonable, but they give a fair idea of the qualifications of our Trust Department. We shall be glad to discuss our services with you at your convenience.

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Somebody Always "Picks the Losers"

Statistics on business failures, insolvencies, reorganizations, bear grim testimony to the fact that somebody always "picks the losers" in business – always ships goods that are destined never to be paid for.

The most astute credit man cannot infallibly predict which debtors will fall by the wayside – or *when*. The sure, safe, sensible way to avoid unexpected credit losses is to cover *all accounts* with

Credit Insurance

A policyholder who was reimbursed for losses aggregating a considerable sum, writes: "The losses sustained during the past year were on customers with whom we had dealt for a number of years, and in whom we had the utmost confidence."

This Company has proved its value to Manufacturers and Jobbers for 45 years, insuring millions of dollars of sales annually, safeguarding capital and profit. Policies are now written on many types of accounts not previously insurable. Ask for full information. Offices in all principal cities.

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T. F. McOUAT, General Agent, 34 Montreal St., Sherbrooke, Quebec
C. A. MULLEN, General Agent, The Metropolitan Bldg., Phone: ELgin 9303, Toronto 2, Ontario

W24R1

The Parties you DON'T *plan*

Ever remarked how those kind of parties are always the best? The kind that begin unheralded, continue effortlessly . . . They are typical of holiday life at the Manoir Richelieu. Plan to come *soon* . . . that's all the planning necessary at the Manoir Richelieu.

Rooms with bath from eight dollars a day, American Plan. Write JOHN O. EVANS, *Manager, Murray Bay, Quebec, or inquire of any travel agent or Canada Steamship Lines.*

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You'll Enjoy More Comfort and Economy In Your New Home When

STEEL CARRIES the LOAD

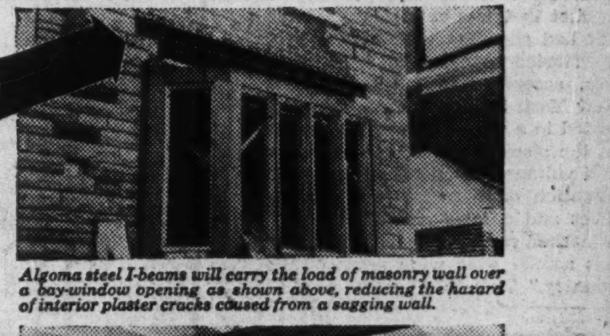
● The joys and thrills of a new home will last longer and cost less if steel supports the structure at all vital points.

Steel is mankind's greatest material for structural purposes. It gives you maximum strength with least shrinkage or expansion. Steel does not warp or rot . . . permits more compact construction taking less room . . . shoulders all stresses and strains with ample margin for safety.

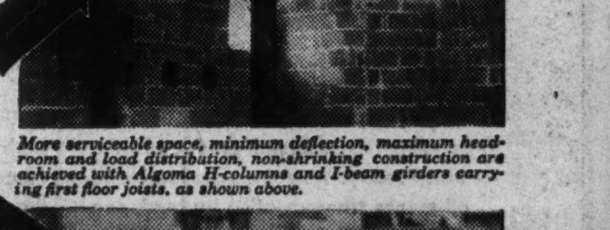
No wonder buildings of every size to the tallest skyscrapers are built on frameworks of steel! In house construction too, steel is ideal for carrying the load at all points where strong, lasting support is needed. Structural steel shapes produced by the "Men of Algoma" for house construction assure permanent security, strength and trueness in walls . . . floors . . . doorways . . . windows . . . and interior recesses. See these pictures of houses under construction, showing how steel carries the load. Consult your architect and builder about steel's many advantages—ask them to specify the dependable quality steel made by the "Men of Algoma."

Algoma structural sections are stocked by leading Canadian fabricators and warehousemen.

ALGOMA STEEL CORPORATION, LIMITED
Montreal—SAULT STE. MARIE—Toronto
B. C. Agents: F. Drexel Company, Vancouver



Algoma steel I-beams will carry the load of masonry wall over a bay-window opening as shown above, reducing the hazard of interior plaster cracks caused from a sagging wall.



More serviceable space, minimum deflection, maximum headroom and load distribution, non-shrinking construction are achieved with Algoma H-columns and I-beam girders carrying first floor joists, as shown above.

Floors are solid and even, and second floor joists rigidly supported by this steel I-beam in a dining-room fireplace recess.

Algoma steel angles carry wooden joists over a basement window opening, assuring ample support for the side wall and floor, and taking stress off the window frame.

ALGOMA STEEL

Investment Trends

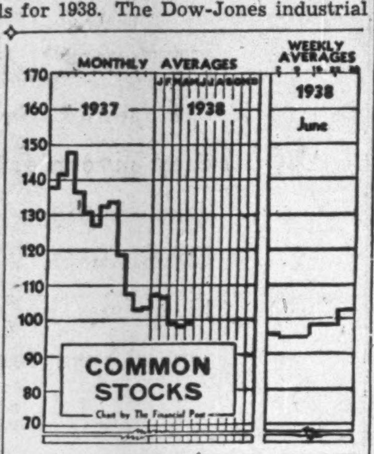
Holiday Interruptions Fail to Dampen Market

Areas of Greater Resistance and Supply Should Be Met and May Bring More Advantageous Buying Levels

The past week may not have been one to give a fair test of the strength of the upturn in stock prices that dates from June 18 and has carried stocks so much above levels of two weeks ago.

Holidays have been too numerous. With Canadian exchanges closed two days of last week and New York closed on July 4, there have not been many trading days when a free interchange of prices between Canada, the United States and London could take place. As a result the strong tone of Canadian exchanges on July 4 was probably largely an attempt to overtake the gain marked up in New York on the two days in which Toronto and Montreal were closed.

Of the three exchanges on this continent in which major Canadian interest centres, Toronto is the only one where the industrial averages have failed to reach new high levels for 1938. The Dow-Jones industrial average has decisively broken through the previous high for 1938 of 134.45 and the Montreal industrial stock average at slightly over 83 on July 4 is also well above the 81 mark that was the previous high for this year. The Toronto industrial average, however, up to July 5 had still failed to penetrate the Jan. 15 level of slightly under 127 by about four points.



The London stock exchange average at 109.6 for the industrials on July 5 had again reached new 1938 high but the rails at 52.9 were well below this year's high of 55.

* * *

Supply and Resistance Areas

It is to be expected that further rise of stock will encounter considerable selling resistance around present levels. Previous upward movements failed to penetrate these levels, encountering an overhanging supply of stock that could not be absorbed. A true bull market would probably forge through such areas and immediately afterward might be expected to suffer comparatively sharp setbacks, only to resume the upward movements later.

Whether this will happen in the present instance time will definitely answer but it would not be surprising. Profit taking by those fortunate enough to have anticipated the rise can be looked for. But the market will thus have an opportunity to consolidate its position. Individual issues that have moved out of line will return to a sounder level and quite possibly a renewed short interest will be built up.

* * *

Buy Stocks Now?

Many investors are probably fearing that they have so badly missed the first market cue that they are ready to jump in regardless of basic conditions. But precipitate action of that kind is closely akin to the panic selling on such days as March 31 or the day following Labor Day.

The upturn has so far affected an unusually wide range of securities with little evidence that much careful selection is being exercised. But it is quite probable that investors will have a better opportunity to participate in the hoped for bull market before long. Even if the major trend continues upward, interruptions are quite likely and could be utilized to pick up stocks.

The public is taking a definite interest in the market again. And attention has turned largely to the industrial shares. One large house in Toronto, the experience of which can probably be taken as typical, finds more cash buying than usual. Margin accounts are growing but not as fast as might have been expected.

* * *

More Comments

The Whaley-Eaton Service from Washington comments:

"Composite high opinion is: Government spending and easy credit (reinforced by propaganda), together with the fact that there is no way for the economy to move but up, justify stronger security markets, but the public may be discounting the rise too far in advance."

Buying orders on American stocks from European sources hitting a market that was extremely inactive but had shown a tendency to turn up, started covering of short interests, according to Mackay & Co., New York brokerage firm, and "resulted in a very sharp improvement in the stock market, both in prices and volume, which focused people's attention on the change in the indices and created almost overnight a marked change in psychology that has spread over wide areas of the country." This, they sum up as indicating that motivating forces of velocity have taken hold and a corresponding indication of business improvement can be expected over a broad front in the near future.

That somewhat similar conditions are recognized in Canada is seen from the following statement in the July letter of Dominion Securities Corp. which says in part:

"A realization that the fundamental factors leading to recovery are present is gradually asserting itself and whereas in 1929 we neglected the warning signs pointing to the downtrend we are today overlooking the indicators that point the way to recovery."

Investment Notes

Dominion & Anglo—This investment trust had 10.2% of its assets in cash and call loans at April 30, 10.4% in bonds and debentures, 22.5% in preference shares, 5.8% in bank shares and 51.1% in common stocks. Of the total 79.7% were Canadian, 13.8% United States securities and 6.4% South American. Classified according to nature of enterprise, the portfolio was as follows:

On Basis of Market Value As at April 30

	1938 %	1937 %
Cash and call loans	10.2	10.7
Canadian govt. & municipal	0.0	0.0
Foreign government	0.3	0.6
Banks and trust	5.8	2.7
Financial trusts	4.7	6.7
Foodstuffs	6.5	6.4
Household prod. & supp.	0.0	0.0
Manufacturing	14.5	19.1
Merchandising	1.1	0.7
Milling & grain elevators	0.0	0.0
Mining & smelting, etc.	22.8	18.2
Pulp & paper	10.6	15.3
Oil	5.2	5.3
Railways & steamships	0.4	1.1
Real estate bonds	0.0	0.7
Utilities	15.3	10.4
Miscellaneous	2.6	2.1
	100.0	100.0

Jamaica Public Service — The company's property was not affected by recent labor disturbances. Wage scales in Jamaica have been revised upward in many cases which should tend to improve the standards of living among the population served by the company.

Algoma Steel Profits Soar

Net for Year Equals $29.13 a Share on Preferred — No Dividend Payment

As forecast in The Financial Post, profits of Algoma Steel Corp. for the year ended April 30, 1938, are at a new peak for the present company. Net for the past year was equivalent to $29.13 a share on the 5% preference and $1.30 a share on the common. This compares with $8.63 a share on the preference and 20 cents on the common in the preceding period.

Dividends on the preference are non-cumulative until Jan. 1, 1940, and, as the policies of the company require conservation of its resources, the directors recommend that no dividend be paid.

Since operations of Algoma Steel Corp. started in May, 1935, an earned surplus of $1,372,992 has been built up. In addition the company shows a distributable surplus on its balance sheet of $2.8 millions, carried forward since its first balance sheet was published.

Commenting on the past year's results, Sir James Dunn, chairman and president, says: "These results confirm the wisdom of the policies adopted of improving plant to get better costs and establishing a wider range of products to get away from dependence on railway steel."

Bank Loan Higher

Balance sheet as at April 30, 1938, shows a bank loan of $3.3 millions, secured by $5 millions of first mortgage 5% bonds. The bank loan was $857,000 at April 30, 1937. Current assets of $8.3 millions include inventories of $5.7 millions. This item includes $3.4 millions for raw materials, semi-finished products and supplies, $728,648 for saleable products and $1.6 million for rails rolled under contracts. A year ago inventories totalled $3.1 millions, including $1.5 million for materials and supplies, $134,253, for ore, $552,255 for saleable products and $948,336 for rails.

Investment in property and equipment is shown at $15.5 millions against $14.2 millions.

Income and Surplus Account
Years Ended April 30

	1938 $	1937 $
Sales*	12,942,784	9,640,438
Less: Sell. & ship. exps.	262,703	217,886
Cost of prod. sold	11,281,318	8,665,681
Operating profit	1,398,762	756,871
Add: Other income	18,908	56,860
Less: Interest	101,227	75,681
Depreciation	548,181	540,916
Income taxes	127,008	7,210
Net profit	641,255	189,922
Add: Prev. surplus	731,737	541,815
Surplus forward	1,372,992	731,737

*Including net selling price of contract rails not yet delivered.

Earned per Share:		
Preference	$29.13	$8.63
Common	1.30	0.20
Shares Outstanding:		
Preference, $100 par	22,015	22,015
Common, n.p.v.	407,540	407,540

Working Capital

	1938 $	1937 $
Current assets	8,323,422	5,946,197
Current liabilities	4,508,380	1,946,392
Working capital	3,815,042	3,999,805

Jacola Crosscut Makes Good Progress

The crosscut being driven at Jacola Mines Limited to intersect the shear zone indicated by diamond drilling at the 1,000-foot level toward the Sullivan Consolidated property is making good progress, having proceeded 227 feet at last reports. It should reach its objective in another six weeks. The shear zone, it will be recalled was intersected by diamond drill about 660 feet north of the west end of the drift westward from the shaft.

Much importance is attached to this work as the shear zone in question was typical of the geology of the Sullivan Consolidated near by.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 9	Total utilities 19	Total co's. 96
1929-37:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	205.4	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1938:												
Jan.	109.6	18.9	87.2	194.9	64.3	158.7	116.1	138.4	64.4	84.3	48.7	107.7
Feb.	109.3	17.5	88.9	195.2	64.8	159.9	115.0	131.4	63.1	81.8	46.8	107.1
Mar.	100.7	14.6	76.5	181.2	60.3	152.0	101.3	116.0	58.2	80.5	43.1	99.2
Apr.	103.2	15.4	75.6	172.0	55.0	151.5	106.0	119.4	59.7	80.4	43.7	97.9
May	107.2	15.7	85.8	177.2	54.5	153.6	107.5	122.5	61.0	80.9	44.5	99.7
Weekly Figures, 1938:												
June 2	104.0	14.2	81.1	173.3	52.4	151.2	106.9	118.1	59.2	80.7	43.4	96.1
June 9	104.6	14.6	82.1	169.5	52.3	152.1	107.4	119.5	59.4	80.2	43.7	95.9
June 16	104.7	14.2	82.5	163.3	53.0	153.4	106.7	119.3	59.4	80.3	43.7	95.1
June 23	106.8	16.7	87.0	170.0	55.5	157.2	107.6	126.1	60.9	80.4	44.8	99.3
June 30	117.3	20.5	88.1	174.8	56.9	160.8	111.9	135.1	63.1	83.5	46.4	103.4

*High and low for years from 1929 to 1937 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
July 5	121.27	118.33	88.76	36.24
July 4	122.49	118.52	89.63	36.26
July 2	Holiday			
July 1	Holiday			
June 30	117.73	117.43	85.83	35.43
June 29	117.52	118.07	86.05	35.46
Month ago	108.18	118.26	75.90	32.49
Year ago	161.20	117.35	101.59	63.49
High, 1938	126.85	125.85	89.63	50.85
Low, 1938	97.66	102.06	64.47	31.40

Montreal Stock Exchange Averages

	10 Util.	20 Indus.	30 Comb'd	15 Golds
July 5	68.8	81.7	77.4	119.02
July 4	69.3	83.2	78.5	120.17
July 2	Holiday			
July 1	Holiday			
June 30	68.5	79.8	76.1	119.11
June 29	66.8	79.8	75.4	119.87
Month ago	62.9	68.8	66.8	121.59
Year ago	79.1	106.9	97.6	107.96
High, 1938	69.3	83.2	78.5	130.77
Low, 1938	59.1	61.1	60.5	103.06

Monarch Knitting Defers Dividend

Decline in Sales Responsible — Expect Upturn in Fall

General decline in sales in the current year has resulted in deferring the dividend payment on Monarch Knitting 7% preferred shares, due July 1, 1938, the company states. Earnings in 1938 are running below that of the preceding year, in line with wide-spread slackening of sales in most industries, but it is expected that the fall will see an improved demand for the company's products.

Arrears on the preferred stock amounted to $52.66 2/3 a share at July 1. No plan has been advanced to date for the liquidation of these arrears.

Payment of full dividends on the preferred stock have exceeded earnings in 1936 and 1937. In 1937, $3.20 was earned on the preferred shares, as compared with $2.30 in 1936. A quarterly dividend of $1 a share was paid on April 1, 1938, as against the required $1.75.

Royal Insurance Assets Growing

Surplus and Special Reserve Fund at $60.5 Millions

Total income from the world-wide operations of the Royal Insurance Co. Ltd. during 1937 totalled more than $85 millions. This marks a significant gain over 1936 when total income was $81.6 millions.

The annual report shows that net premiums on fire, life casualty, marine and other business amounted to $73.2 millions, gain of more than $3 millions over the preceding year.

Assets at the year end were $301.6 millions; at the end of 1936, they were $288.9 millions. Mortgage holdings are lower by over $1 million at $13.1 millions. Loans are about the same, but holdings of stocks and bonds are up from $229 millions to $243 millions.

Among the liabilities, provision for unpaid claims is some $1.6 million higher at $28.4 millions. Reserve for unearned premiums in fire, accident and other business is almost $1 million higher at $22.9 millions. The life annuities fund and the marine fund have been substantially increased and net surplus and special reserves now amount to $60.5 millions, compared with $57.9 millions at the end of 1936.

Market Opinions

Barron's, The Trader, New York—"The almost complete absence of businessmen buying, which in the long run is the most durable factor in a sustained uplift, was notable. Still absent were orders from the big industrial or mercantile centres. A 'made in Washington' market was getting its high polish from Wall Street.

"Danger of losing a position is great, yet the risk inherent in new buying—after one of the most sensational and dazzling uplifts on record—must be recognized. A buying panic as convulsive as the selling panic of last October has really taken place. Better selling opportunities developed shortly after the acute autumnal liquidation had culminated, and off hand it would seem as though more reasonable buying levels would ultimately prevail."

* * *

The Annalist, New York—"The failure of a more pronounced reaction to develop following the advance of the previous week has undoubtedly been one factor tending to strengthen bullish sentiments. One favorable feature of the stock market's behavior over the past week has been the easily recognized tendency for activity to diminish in periods when prices declined.

"It is apparent that the thinness of the markets for most types of stock has been a factor contributing to the current sharp recovery. Activity has expanded, but even at the current rate of turnover price changes have been rather substantial, relative to volume. The same has been true to a considerable extent in the bond market. It may be expected, however, that if sentiment continues to improve and public interest in stocks to increase, the market for the less active stocks should improve appreciably."

* * *

Commercial and Financial Chronicle, New York—"Conjecture as to the real essence of the stock market advance continued all week, but the reasoning was no more conclusive than at this time last week. Business indices were watched with utmost care to determine whether an advance in that sphere is developing. There are, indeed, small gains to be noticed here and there, but not on a scale comparable with the equity price upsurge. . . . One of the best features of the current situation is a series of base metal price increases, and strength of commodities as a whole, which suggests that inventories may be approaching exhaustion in some lines. But even the commodity advance is suspected to a degree for speculation in London and other foreign markets is reported turning in such directions.

* * *

The Financial World, New York—"Of considerable significance in the present situation is the fact that 'the public'—the small investor—has not yet entered the market. This is confirmed by the figures on odd lot sales and purchases as well as reports from the brokerage houses themselves. As invariably happens, 'intelligent money' touched off the buying movement and has so far been its sustaining force. The indications are that, as usual, this 'intelligent money' is right.

"There is no change in our market opinion. As first outlined here more than two months ago, the business cycle stocks occupy the best position for potential profits."

* * *

The Investors' Chronicle, London (June 25)—"The rally has been largely psychological, aided by the very strong technical position in markets. But I would not underrate its importance on that score. If American business is going to revive, if, consequently, commodities are to recover, if rearmament in this country is to continue as a powerful economic force, and if the political situation is to improve, then markets must begin now to discount these things.

"Meanwhile, although there may be some reaction, I stick to my guns of last week. Even after this week's uprises, prices are at moderate levels, providing you take a medium term of view. And if we do get another setback comparable with the one that followed the 'Chamberlain boom,' then I definitely think that the opportunity should be taken to build up a portfolio in anticipation of an autumn upswing. Meanwhile, the key lies in America and commodity markets. If the present rise in the latter continues, consumers will become uneasy and we may see the whole market structure transformed in a very short time."

Loblaw Groceterias Co. Sets New Profit Record

Net Equals $1.42 a Share Against $1.33 a Year Ago

MORE STORES OPENED

Sales of Loblaw Groceterias Co. for the fiscal year ended May 28, 1938, increased $3 millions over the previous year, totalling $22.1 millions. Net profit, however, did not increase in the same proportion, rising to $1.2 million, as compared with $1.1 million in the 1937 fiscal year. Earnings on the 445,056 no par value class A shares and 383,300 class B shares were $1.42 a share, as compared with $1.33 in 1937, marking the second consecutive year to show new earnings and sales records.

Two new stores were placed in operation during the year, the president, J. Milton Cork, states in the annual report, and 11 were converted to market type shops. In operation at the year end were 114 stores, of which 80 were complete market type. Another market type store was opened in Toronto early in June, bringing the total to 115.

Total assets rose to $7.5 millions from $7.3 millions in the previous year; cash to $1.1 million from $1 million and government bonds to $588,803 from $119,812. Investment certificates decreased to $350,000 from $650,000. Investments in preferred and common stock of Loblaw Groceterias, Inc., remained at 2,841 shares and 28,600 shares, respectively. Inventories showed little change.

Income and Surplus Account

	Yr. end. May 28, 1938 $	Yr. end. May 31, 1937 $
Gross sales	22,123,388	19,138,176
Net oper. profit	1,360,669	1,246,744
Add: Int. on invest. & bank bal.	44,031	54,460
Net earnings	1,404,700	1,301,204
Less: Income tax res.	230,000	200,000
Net profit	1,174,700	1,101,204
Less: Class A divds.	556,320	500,688
Class B divds.	479,125	431,213
Surplus for year	139,255	169,303
Add: Previous surplus	3,165,129	2,994,550
Profit on bond sale	1,500	1,276
Deprec. adjust.	933	......
Inc. tax adjust.	741	......
Surplus forward	3,307,558	3,165,129

Working Capital

	1938 $	1937 $
Current assets	4,012,544	3,768,086
Current liabilities	1,374,277	1,242,803
Working capital	2,638,267	2,525,283

Since operations began in 1921 with two stores, Loblaw has a record of growth that was only interrupted by the depression years of the early 1930's. Since it began operations, however, certain changes in methods of operations have been adopted, effect of which is well illustrated by an analysis of sales and earnings figures.

In recent years an increasing number of stores have been converted to the market type, selling vegetables, fruits and meats in addition to groceries.

An analysis of sales and earnings figures since 1930 follows:

Statistical Record

	Sales per Store $	*Earns. per Store $	% Earns. to Sales
1930	194,054	12,530	6.46
1931	171,820	12,188	7.09
1932	145,394	11,354	7.81
1933	132,888	10,578	7.96
1934	133,158	9,561	7.18
1935	140,885	9,453	6.71
1936	146,779	9,769	6.66
1937	170,877	11,618	6.80
1938	194,065	12,322	6.35

*Before income taxes.

Thayers Control In New Hands

It is understood that control of Thayers Limited, a western Ontario gasoline distributing concern, has changed hands. For some time Midland Securities Corporation, London, has been buying common stock and it is now understood that only around 5,000 shares are held by the public out of an outstanding 50,454 shares.

While plans for the company are not yet complete it is believed there is some consideration being given to operating Thayers in an attempt to gain a share of the low-price gasoline field.

Dominion & Anglo Income Higher

Income of Dominion & Anglo Investment Co., Toronto investment trust, rose sharply in the year ended April 30, 1938, net being equivalent to $7.31 a share on the preferred against $5.13 a year ago. Dividends paid totalled $6.25 a share compared with $7.50. Arrears of $3.75 a share remain after the June 1, 1938, payment.

Net profit realized on sale of securities was $53,157 last year. Of this $37,500 was used to reduce the book cost of an investment and the balance added to capital surplus account bringing this to $313,568.

Income and Surplus Account
Years Ended April 30

	1938 $	1937 $
Investment income	113,830	85,994
Less: Disc. & exchange (net)	5	24
Bank interest	......	169
Exec. remun.	5,500	5,460
Directors' fees	1,500	......
Legal fees	80	562
Other mgmt. exps.	4,244	5,130
Income tax	3,771	5,429
Net profit	98,730	69,220
Less: Pref. divds.	84,375	101,250
Surplus for year	14,355	†32,030
Add: Prev. surplus	48,085	47,876
Secs. rec. for interest	......	32,900
Less: Tax adjust.	490	661
Surplus forward	62,930	48,085

†Deficit.

Earned per Share:		
Preferred: Earned	$7.31	$5.13
Paid	6.25	7.50
Common: Earned	3.12	0.17
Shares Outstanding:		
Preferred, $100 par	13,500	13,500
Common, n.p.v.	10,000	10,000

Dominion of Canada Bonds

Dominion of Canada 3% Bonds Due June 1st, 1958
Denominations: $1,000, $500 and $100.

Dominion of Canada Bonds provide the soundest and most marketable security available to Canadian investors.

Price: 99 and interest, yielding 3.07%

Wood, Gundy & Company Limited
Toronto Winnipeg Montreal Ottawa Vancouver London, Eng. Hamilton London, Ont.

A. E. OSLER & COMPANY
Established 1886
MEMBERS TORONTO STOCK EXCHANGE
Inquiries invited regarding Canadian Industrial and Mining Investments. We specialize in the Dividend Paying Gold Mines and in gold mining properties under present active and encouraging development.
Osler Bldg., 11 Jordan St., Toronto
Long Distance 'Phone ADelaide 2431. Cable RELSO.

ROYAL INSURANCE COMPANY LIMITED

FINANCIAL STATEMENT

31st December, 1937

Net Premiums (Fire, Life, Casualty, Marine, etc.)	$ 73,197,575
Net Interest Earnings	11,807,610
Total Income	$ 85,005,185

ASSETS

Mortgages	$ 13,139,265
Loans	11,410,830
Government, Municipal, Railway and Other Bonds, Debentures, Stocks and Shares	243,082,126
Real Estate	12,203,676
Unpaid Balances and Premiums	12,344,211
Other Assets	2,863,582
Cash in Bank and On Hand	6,562,571
	$301,606,261

LIABILITIES

Capital Paid Up	$ 13,999,825
4% Debenture Stock	2,984,610
Provision for Unpaid Claims	28,406,902
Sundry Liabilities	16,413,944
Reserve for Unearned Premiums, Fire, Accident, etc.	22,968,590
Funds:	
Life and Annuities	147,731,258
Marine, etc.	8,598,228
Net Surplus and Special Reserves	60,502,904
	$301,606,261

£ Sterling taken at $5.00

HEAD OFFICE FOR CANADA: MONTREAL

REFUNDING ISSUE

$5,000,000

Ottawa Light, Heat and Power Company Limited

Refunding Mortgage and Collateral Trust Bonds, Series B

$850,000 Serial 3% and 3½% Bonds

$4,150,000 Sinking Fund 4% Bonds, Due October 1st, 1957

To be dated October 1st, 1938. To mature October 1st, 1939-1948 and 1957.

Principal and semi-annual interest (April 1st and October 1st) payable in lawful money of Canada at the principal office of the Company's bankers at the holder's option in Montreal, Toronto, Ottawa, Quebec, Saint John, Halifax, Winnipeg or Vancouver. The 3% and 3½% Serial Bonds available in Coupon form of $1,000 denomination, registerable as to principal; the 4% Bonds, due 1957, available in Coupon form in denominations of $1,000 and $500, registerable as to principal only, and in Fully Registered Form in denominations of $1,000 and multiples thereof.

Trustee: The Royal Trust Company

In the opinion of Counsel, these Bonds will be a legal investment under the Canadian and British Insurance Companies Act, 1932, for funds of insurance companies registered under that Act.

A prospectus, copy of which has been filed with the Secretary of State of Canada in accordance with the provisions of The Companies Act, 1934, is available on request.

Schedule of Maturities

Due Oct. 1st	Principal Amount	Interest Rate	Due Oct. 1st	Principal Amount	Interest Rate
1939	$85,000	3%	1944	$85,000	3½
1940	85,000	3	1945	85,000	3½
1941	85,000	3	1946	85,000	3½
1942	85,000	3	1947	85,000	3½
1943	85,000	3	1948	85,000	3½

$4,150,000 4% Sinking Fund Bonds, Due Oct. 1st, 1957

Subject to prior sale or allotment, if, as and when issued and accepted by us and subject to the approval of legal proceedings by Messrs. Quain & Wilson, of Ottawa, Ont., for the Company, and by Messrs. Stairs, Claxton, Senecal & Lynch-Staunton, of Montreal, Que., for ourselves, we offer the 4% Bonds at

Price: Par and accrued interest.

Subject as aforesaid, and to our right to change or withdraw this offer without notice, we also offer the 4% Bonds, due 1957, bearing interest from October 1st, 1938, at par in exchange for 5% Refunding Mortgage and Collateral Trust Sinking Fund Gold Bonds, Series A, of Ottawa Light, Heat and Power Company, Limited at 103 and interest at 5% per annum accrued to October 1st, 1938, plus an allowance to cover premium on foreign exchange, if any.

It is expected that non-interest bearing Trustee's Deposit Receipts covering exchanges, and Trustee's Interim Receipts (bearing interest from the dates of issue thereof respectively to September 30th, 1938, at the rate of 4% per annum), covering cash purchases will be available for delivery on or about August 1st, 1938.

W. C. Pitfield & Company Limited **Wood Gundy & Company Limited**

Treasure ... in the West!

Wheat and Oil are two of the most important commercial products in the world today. Wheat means food, and oil means transportation by land, sea and air—both commodities are vital to the existence of any nation.

Fortunate indeed is the Canadian West. Not only is it one of the greatest wheat-growing areas in the world but in Turner Valley is now located the second-largest crude oil field in the British Empire.

Outlook for increased production of both these commodities in the West is favorable. Crop prospects are better than they have been for years; new wells in Turner Valley are steadily increasing the potential supply of this region's rich crude oil.

The world needs wheat and oil. In the resources of Western Canada is potential wealth which can provide the basis for a sharp revival in business activity throughout the whole Dominion.

NESBITT, THOMSON & COMPANY LIMITED
355 St. James Street West, Montreal, P.Q.
Branches in the principal cities of Canada

72A

SPEED Multigraphing

USE Script Mimeo Bond

If you want your multigraphing department to operate smoothly, your multigraphed work to look better — use this time-saving, good-looking paper stock designed expressly for multigraphing use. Comes in Blue, Pink, Canary, Buff, Green, Gold and pure White; in all standard sizes — and special packages for small cut stock sizes. Sold by Provincial Paper dealers throughout Canada.

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PROVINCIAL PAPER LIMITED
TORONTO CANADA

55 YEARS of Service to Investors

HANSON BROS. INCORPORATED
Established 1883
255 St. James St. West
MONTREAL
Ottawa Toronto

NOTICE OF REDEMPTION

CITY OF ST. JOHN'S, NEWFOUNDLAND

6% 15-Year Sinking Fund Bonds Maturing February 1, 1947

Notice is hereby given that pursuant to the terms of the Act 22 Geo. V. (1932) Chapter Five and of the Prospectus of Issue of the Bonds the Montreal Trust Company, Trustee of the Sinking Fund, has drawn for redemption the bonds hereunder listed, to the capital par value of $68,000.00, and that the said listed bonds will be redeemed on the First day of August, 1938, at par, with accrued interest on the principal thereof to the First day of August, 1938, at any of the principal offices of The Royal Bank of Canada in the cities of St. John's (Newfoundland), Montreal or Toronto (Canada) upon surrender of said bonds with coupons due on the First day of August, 1938, and with all subsequent coupons appertaining thereto, at any of the said offices on said date.

Holders of bonds are required to present their bonds and coupons as aforesaid for redemption at one of the said offices on the said date; and in case such presentation be not made then interest on all such bonds shall cease from and after the said First day of August, 1938.

Numbers and Denominations of Bonds to be Redeemed:—

SERIES A—$1,000 DENOMINATION

008	076	100	167	186	227	252	297
014	078	103	171	187	228	257	
029	083	104	174	201	229	259	
041	089	117	176	205	235	265	
053	093	125	181	208	238	266	
062	094	137	183	220	249	296	

SERIES B—$500 DENOMINATION

003	036	104	136	157	181	202	228
007	051	109	147	161	193	212	237
009	090	131	149	163	197	213	244
020	097	135	153	173	198	219	249

SERIES C—$100 DENOMINATION

005	079	159	244	289	376	440	511	639	679
009	081	178	246	295	381	445	512	642	681
035	084	181	257	300	393	455	549	646	694
047	102	182	264	305	397	465	574	648	699
049	114	191	266	318	404	466	585	650	701
051	115	198	273	328	425	467	597	662	709
058	119	203	280	343	426	471	600	663	723
059	148	215	282	346	427	490	620	675	730
063	153	235	287	351	431	499	637	677	743

Dated the 5th day of July, 1938.

MONTREAL TRUST COMPANY, Trustee

Bond Markets

Corporation Financing At Low Point in 1938

Governmental Financing Smaller Than Last Year — Saskatchewan Sells Refunding Issue to Institutional Investors

Volume of corporation bond financing in 1938 has been small and at the moment there is little in prospect. For this reason and in view of the large surplus of funds seeking investment in sound corporation issues, continuance of a firm market is to be expected.

Corporation bond financing in the first six months of the current year, according to an estimate by Wood, Gundy & Co., amounted to only $31.7 millions as compared with $88.3 millions in the same period of 1937. Refunding issues accounted for about half of the total.

Public utility issues totalled $14.8 millions, the principal item in this classification being the refunding of $13 millions of Gatineau Power Co. debentures. Railway financing was confined to an $11.8 millions issue of Canadian Pacific Railway equipment trust certificates. Industrial and miscellaneous issues totalled over $5 millions.

Government Financing

Government financing was also lower than in the first half of 1937. Dominion, provincial and municipal financing, apart from Dominion Government treasury bills, totalled $284 millions. This compares with $343 millions in the same period last year. Of the total for the current year to date, $195 millions was for refunding and $89 millions was new financing.

Treasury bill financing increased from $285 millions in the first half of 1937 to $310 millions in the same period this year.

Dominion Government direct and guaranteed issues were slightly higher, while the amount of provincial and municipal financing dropped sharply. In so far as this decline reflects smaller governmental deficits, the trend is favorable.

The only external issues during the first six months was £10 millions of Dominion of Canada 3¼% registered stock sold in London for refunding purposes.

Comparative details of bond financing in the first six months of 1938 and 1937 are given below:

Bond Financing
Six Months Ended June 30

	1938 $ 000's	1937 $ 000's
Dominion govt.	238,492	234,000
Treasury bills	310,000	285,000
Provincial	34,590	68,619
Ontario municipal	3,703	24,323
Quebec and Maritime municipal	7,086	16,414
Western municipal	926	163
Total government	594,797	628,519
Corporations:		
Public utility	14,800	17,683
Railway	11,880	16,080
Indus. & misc.	5,049	54,607
Total corporation	31,729	88,370

* * *

Sask. Finances

Saskatchewan was able to meet its $1.5 million maturity on July 2, through the sale of a refunding issue to a syndicate composed largely of banks and insurance companies.

Complete details of the deal have not been announced as no public offering is being made, but it is understood the syndicate underwrote a new issue to cover part of the maturity at 99.05 to yield 4.5% and arrangements made with some of the large institutional holders to accept two-year 4% bonds in exchange for their holdings of 6% bonds which matured on July 1.

Purchase of the refunding issue by institutional investors is regarded as a gesture of goodwill toward a government that has shown a consistent desire to meet its obligations. It is also an expression of confidence that an adjustment of Dominion-provincial financial relations will be achieved as a result of the Rowell Commission study which will solve Saskatchewan's fiscal difficulties.

Saskatchewan could not have borrowed money in the open market. At the present time, Saskatchewan issues are selling on a yield basis of 6¼% to 8¼%, whereas the refunding issue was sold at a cost to the province of 4.5%.

Saskatchewan has only been able to carry on throughout the depression as a result of aid from the Dominion Government. However, it has made a valiant attempt to maintain its credit and there is ample reason for believing some adjustment will ultimately be made which will enable it to operate independently. Certainly, the Dominion Government has no desire to see Saskatchewan default on its obligations.

B. C.'s Maturity

No announcement has been made as to what arrangement British Columbia has made to meet its $2 millions maturity on July 8. There has been some talk of the province entering the open market for funds, but it is understood such action has been postponed for the present at least.

* * *

Bond Index

Average Price and Yield for Seven High-Grade Government Bonds

1938	Price $	Yield %	1937	Price $	Yield %
July 5	116.93	2.807	July 5	113.74	3.280
July 4	116.93	2.807	July 2	113.78	3.275
June 30	116.99	2.799	June 30	113.78	3.275
June 29	116.93	2.801	June 29	113.79	3.275
June 28	116.93	2.804	June 28	113.76	3.276
June 27	117.09	2.793	June 26	113.73	3.282
Year's	117.21	2.806	Year's	116.81	3.026
Range	114.21	3.147	Range	111.60	3.505

PROMOTED

Stanley C. Cook has been named an assistant general manager of the Dominion Bank. Beginning his banking experience in Peterborough, Mr. Cook has been in charge of several important offices in Montreal and Toronto and for the past six years has been a supervisor at head office.

Mexican L.H.&P. To Defer Interest

Earnings Insufficient For Debenture Payment of July 1

No interest payment will be made on July 1, 1938, on the 6% cumulative income debenture stock of Mexican Light and Power Co., as the results for the second half of 1937 showed no surplus profits available for this purpose. On Jan. 1, 1938, a payment of 1% was made on the debenture stock for the first six months of 1937. Accrued income debenture interest at Dec. 31, 1937, amounted to $1,955,349.

Miller Lash, chairman of the board, told shareholders at the annual meeting on June 29 that in April and May of this year the percentage of growth in the company's load was somewhat less than the rate of increase experienced in the first quarter, which averaged 8.8% over the same period in 1937.

Although the extraordinary session of the Mexican Congress is still proceeding, the proposed law on electrical energy has not yet come up for discussion.

Ottawa Light Refunds Bonds

Interest Reduced But Funded Debt Increased to $5 Millions

MONTREAL.—A $5 millions issue of refunding mortgage and collateral trust bonds of Ottawa Light, Heat & Power Co. is being offered by W. C. Pitfield & Co. and Wood, Gundy & Co. The purpose of the issue is to refinance the company's present 5% bonds at a lower rate of interest.

The new issue consists of $425,000 of 3% serial bonds due 1939-43; $425,000 of 3½% serial bonds due 1944-48 and $4,150,000 of 4% sinking fund bonds due Oct. 1, 1957. The new bonds, which are to be dated Oct. 1, 1938, are being offered at par. In addition, the 4% sinking fund bonds are being offered at par in exchange for present 5% refunding and collateral trust bonds at 103 and accrued interest to Oct. 1 next, plus an allowance to cover premium on foreign exchange.

The new bonds are payable in Canadian funds only, whereas the existing 5% bonds are payable at the holders' option in Canadian, U. S. and sterling funds. The latter have been called for redemption on Oct. 1 next at 103.

Since the redemption price is 103 and because sterling funds are selling at a premium, the funded debt of Ottawa Light, Heat and Power will be increased from $4,574,000 to $5 millions by the refunding operation.

Refunding Issue
Ottawa Light, Heat and Power Co.
$425,000 Serial 3% Bonds, Due 1939-43
$425,000 Serial 3½% Bonds, Due 1944-48
$4,150,000 Sink. Fund 4% Bonds, Due 1957

Company—Through subsidiaries, manufactures and distributes electric power and gas in Ottawa, Hull, and surrounding district.

Capitalization—	Author.	To be issued
Coll. trust bonds	$5,474,000	$5,000,000
5% Pref. stock	2,000,000	1,700,000
Common stock	8,000,000	3,500,000

Assets—Consolidated balance sheet as at May 31, 1938, shows total assets of $10,735,508. Land, buildings, plant and equipment, after deducting depreciation, are shown at $7,735,144 and franchises, rights and contracts are carried at $1,784,062. Working capital amounts to $472,000.

Earnings—Average annual net earnings for the past four years have been $600,055 after depreciation. This compares with maximum interest requirements $193,625 on the refunding issue.

Security—$3 millions of common stock of Ottawa Electric Co., $2 millions of common stock of Ottawa Gas Co., $4,669,473 of 5% refunding and general mortgage bonds of Ottawa Electric Co. and $1,266,821 of 5% refunding and general mortgage bonds of Ottawa Gas Co.

Callable—Serial bonds are redeemable at 101 prior to maturity. The 4% sinking fund bonds are redeemable at 102½ to Oct. 1, 1942; 102 thereafter to Oct. 1, 1947; 101½ thereafter to Oct. 1, 1952; 101 thereafter to Oct. 1, 1956; at par thereafter to maturity.

C.P.S. Corp. To Reorganize

B. C. Holding Company Would Be Eliminated Under Plan

By a plan of reorganization submitted to preferred shareholders, the holding company, Canadian Public Service Corp., will be eliminated, and ownership of Okanagan Telephone Co. Ltd. and Inland Ice & Cold Storage Co. Ltd. will be transferred to the third subsidiary, West Canadian Hydro-Electric Corp. Ltd.

The plan provides for the following exchange of securities:

(1) Holders of each 6½% cumulative participating preference share of Canadian Public Service Corp. will receive five cumulative participating preference shares of West Canadian Hydro-Electric Co. Preference shareholders will therefore receive a fixed return of 4% on the shares which they will receive in exchange.

(2) Holders of each common share of Canadian Public Service Corp. will receive one class "B" common share of West Canadian Hydro-Electric Corp.

Dividend Arrears

Arrears of dividends on the present preference shares, amounting to $19.50 at June 30, would be cancelled under the plan, but in return, limitation on participation in additional earnings, now restricted to $2.50 per share, would be removed.

Capitalization of West Canadian Hydro-Electric Corp. will be as follows:

Proposed Capitalization

	Outstanding	Par
Pref., cum., part.	54,200 shs.	n.p.v.
Com., class B	100,000 shs.	n.p.v.

Participating Feature

The new preference stock of West Canadian Hydro-Electric will be entitled to cumulative dividends of 80 cents per share per annum, and after 10 cents has been paid on class "B" common, the two classes participate equally in further distribution. The shareholder is entitled to $22.50 per share and accrued dividends on liquidation. Stock is redeemable at $15 per share for first three years and at $22.50 after. Preference shareholders will have the right to elect majority of the board of directors if dividends are two years in arrears. No dividends may be paid which would reduce consolidated net working capital to less than $75,000.

The above plan has been agreed to by a requisite majority of the common shareholders but consent of 75% of the preference shareholders is required for ratification.

It is understood that working capital has increased considerably during the past year, and is now well in excess of $75,000 compared with $49,280 at June 30, 1937. General improvement in the earnings of the three subsidiaries is understood to have enabled the company to contemplate early resumption of dividends.

BEFORE YOU INSURE — CONSULT
CONFEDERATION LIFE ASSOCIATION
HEAD OFFICE TORONTO

"Quarterly Quotations"

Copy on Request

Investments need constant supervision. The July edition of our "Quarterly Quotations" lists over 400 bond issues. It furnishes a timely opportunity to revalue present bond holdings.

W. C. Pitfield & Company Limited
235 St. James Street MONTREAL
80 King St. West TORONTO

Bond Tenders

8 p.m., July 12, Ville La Salle Sch. Corp., P.Q.—$208,200, in three issues as follows: $165,000, for school purposes; $27,300 for partial renewal of previous issue of bonds; $15,900 for the same purpose. Bonds are dated July 1, 1938, redeemable serially from July 1, 1939 to July 1, 1948. Separate bids asked for each issue at 4%, 4½% and 5%. Alcide Ouellette, sec.-treas.

Bond Sales

Dominion Treasury Bills

Issue of $25 millions of Dominion of Canada treasury bills, dated June 30 and maturing Sept. 30, has been sold at an average price of 99.87942 for an average cost of 0.479%. Previous yield on the issue dated June 15 was 0.465%, marking the eighth consecutive low cost, which only the higher yield of the latest issue interrupted. The Apr. 1 issue which matured on June 30 was sold on a cost basis of 0.510%. Total amount of treasury bills outstanding remains unchanged at $160 millions.

Bond Redemptions

Bond Issues:	Rate	*Year	Due	Price
Dem. Tel. Secs.	*5½%	1978	Aug. 2	100
Gatineau Pr.	6%	1941	July 29	101
Do., (B)	6%	1941	July 29	101

For sinking fund purposes: *$3,000. †$16,000.

The Conditioning Club

Exercises, Badminton, Table Tennis, Turkish Bath, Showers, Massages and Sun-Bath. Individual attention.

9 RICHMOND ST. EAST. AD. 7437

Pulp and Paper Industry

The Fruit Tree Pulp Plan

New Process Far From Production Stage — Many Problems to Solve

Announcement of three Toronto men that they hope to raise funds to build a pulp and paper mill in Canada to manufacture certain expensive grades of paper from the prunings of apple trees, and possibly from "slash" that is now a forest waste and a fire hazard, moves one step forward a plan that has been a long time in the laboratory stage. Despite sensational reports in certain newspapers that the site for the mill had been chosen, and that a large supply of paper would within 15 months be available from the apple trees of the Niagara Peninsula, the whole plan is yet far from realization.

T. Linsey Crossley, H. R. Peterson and R. J. Hart, the men behind the scheme, have been more modest in their announcements than newspaper reports.

The making of pulp for conversion into paper from fruit prunings is interesting, but not revolutionary. It is possible to make pulp from an almost unlimited variety of materials. The pulp from fruit tree prunings bears a very close resemblance to an earlier plan to use wheat straw, tons of which are burnt yearly on the prairies. In both cases it is proposed to use a waste material which is available in large quantities. In both schemes one inherent difficulty is the cost of collecting and transporting the raw material to the mill.

The promoters of the fruit tree prunings process say, "Surveys show that from 1,500 to 4,000 lb. of prunings are produced per acre of orchard each year and there are literally millions of acres of fruit lands, concentrated in closely planted areas" and "the new raw material can be laid down in the mill much cheaper than present materials."

The point is brought out that after a winter of scanty income, the farmer or orchardist is glad to earn new income by baling and hauling the prunings to the mill or rail siding. "He seldom has to draw five miles, over first class highways, built at no direct charge to the mill. Railway fruit sidings are not in use at this season of the year, cars may be loaded, taken to the mill quickly, seldom more than 25 miles."

Would Farmers Do It?

The farmer would have to gather, bale and transport the prunings by truck to the mill or to the nearest railway siding. The period of gathering the prunings is limited. It would be necessary to provide elaborate arrangements to handle the rush and storage to last until the next cutting of prunings become available.

The promoters estimate that the cost of prunings delivered to the mill would be only $4 a ton. Farm economists express some doubt as to whether farmers can be induced to do the work at this price.

It is estimated that the recovery of paper from the wood would run to about 40%. That is to say 2½ tons of wood prunings would be required for one ton of paper.

While Niagara Peninsula has been suggested as a site for the proposed paper mill, other areas, including the Annapolis Valley of Nova Scotia, have been considered as offering even better prospects.

It is admitted by the promoters that there process has definite commercial limitations when applied to the cheaper grades of paper. But for high-grade papers, particularly such expensive lines as cigarette and magazine paper that call for a special quality of pulp, the higher cost of production, above the cost of cheaper papers made by ordinary processes from the staple pulps, is expected by them to yield "several dollars and cents" proposition.

The Post understands that finances for the mill have not been arranged but negotiations are proceeding with two or three groups in Canada and New York.

Don Valley Plant
From Our Own Correspondent

MONTREAL.—Don Valley Paper Co. has carried out a number of improvements to its plant. The drier section of the paper machine has been enlarged and a new calender stack installed. The result will be to give better production and an improved product.

One Belief

"I want once again to say to you, don't ignore, don't disregard, don't question the coming future of the pulp and paper industry! Don't fail at this time to grasp the meaning of its growth and the things that create it."—*R. A. McInnes, president, Canadian Pulp and Paper Association, in an address before the American Mill Superintendent's Association's annual meeting held in Toronto.*

Pulp and Paper Loadings On Canadian Rails Hold

MONTREAL. — No particular change was noted in the freight loadings of pulpwood and pulp and paper during the last week in June. The Dominion Bureau of Statistics report the traffic to be much the same, while for the year to date pulpwood loadings are running well ahead of 1937, while pulp and paper loadings are still behind returns for the same period of both 1937 and 1936.

Loadings of Pulpwood	
Week ended June 25, 1938	1,266
Week ended June 26, 1937	1,906
Year to Date	
1938	53,506
1937	42,542
1936	31,484
Loadings of Pulp and Paper	
Week ended June 25, 1938	1,403
Week ended June 26, 1937	2,542
Year to Date	
1938	43,601
1937	69,270
1936	56,399

New Zealand Buys More Paper

From Our Own Correspondent

MONTREAL.—New Zealand led all other overseas countries in the increase in the purchase of Canadian newsprint paper during the first quarter of 1938 as compared with the same period for 1937.

Following are the detailed returns for overseas shipments during the first quarter of 1938 and 1937, respectively, as compiled by the Newsprint Association of Canada from the Government trade returns.

(In short tons)

	First Quarter 1938	First Quarter 1937
United Kingdom	30,246	31,413
Irish Free State	4,277	3,017
Australia	38,737	38,322
New Zealand	10,750	3,741
British India & Ceylon	827	595
British South Africa	6,409	5,425
British West Indiess	396	260
Other West Indies	395	451
Argentina	5,540	15,039
Brazil	......	924
Chile	143	711
Peru	402	......
Uruguay	671	2,154
Venezuela	411	782
Other South America	69	457
Central America	326	397
Mexico	94	4,246
Cuba	1,899	4,407
Japan	1,406	8,837
China	54	4,979
East Indies	409	458
Philippines	880	1,040
Oll others	608	758
Total overseas	104,949	128,413
U. S. A.	408,024	649,009
Total exports	512,973	777,422

Canada Future Source U.S. Pulp Requirements

From Our Own Correspondent

MONTREAL. — Canada can and should be the principal source of supply for the United States pulp requirements, R. A. McInnes, of Anglo-Canadian Pulp and Paper Mills, told the American Mill Superintendents Association at their annual meeting.

"We do not like the idea of exporting our wood," he said. "It is my sincere hope that we, as responsible executives in the United States and Canada, will find a way to co-operate in developing our resources so that we can supply you with those raw materials you require. . . ."

Rapid Growth Noted

In 1900 the United States imported practically nothing in the way of raw materials. In 1910 it was importing about 500,000 tons of pulp. In 1920 it was importing one million tons of pulp; in 1930, 1,600,000 tons of pulp; and in 1937, about 2,500,000 tons. This came largely from Sweden, Finland and Norway, and only about 700,000 tons from Canada.

In 1900 the United States imported practically no newsprint. In 1913 it imported 220,000 tons of newsprint; in 1920, 730,000 tons; in 1930, 2,300,000 tons and in 1937, 3,300,000 tons. The greatest part of this tonnage came from Canadian mills.

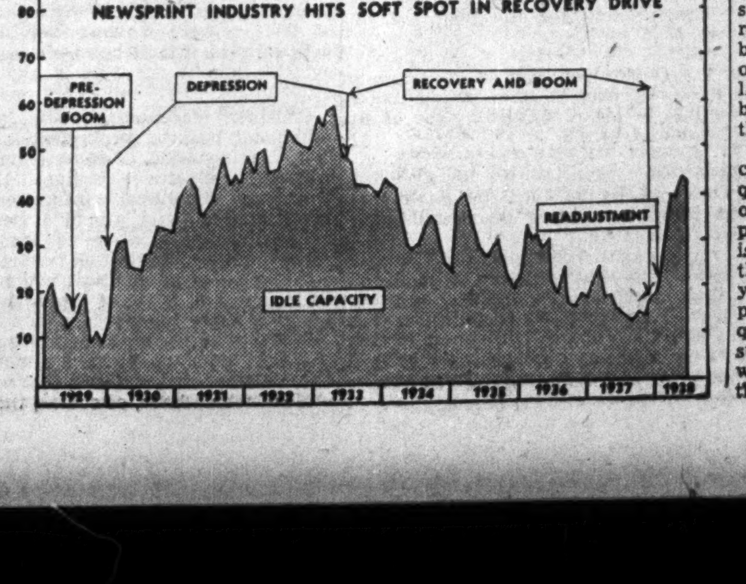
"Here in Canada we have been deluged in the past three years with Europeans who are looking to make arrangements for the importation from this country of our pulpwood, and our ground wood," Mr. McInnes said. "This is due to their knowledge that the huge demand that has developed in recent years in European mills for alpha pulps and higher grade pulps for rayon, for staple fibre and for synthetic products has caused Europeans to turn to these more profitable grades. As long as there are existing conditions, I am sure there has been and will be a steady drain on the western mills for shipments to customers other than the United States.

"The huge consumption of 14 million tons of paper products in the United States, and the certainty of growth of this consumption is not nearly so phenomenal as the growth of the consumption of paper products in Europe.

Source of U. S. Supply

"Total world consumption is 32 million tons of paper products is very largely products other than newsprint. This latter only represents about 28% of the world's paper consumption. Canada is a large supplier of newsprint for obvious reasons, but it cannot hardly expect to be a competitor in these other grades of paper products. But it does believe that it can and that it should be the principal source of supply for the United States pulp requirements.

"We are perfectly able in this country to meet the technical requirements and the quality demand of the pulp you require. We have plenty of room to expand and if that is not sufficient, as it may be, I think I can safely assure you that you will receive a welcome in our provinces to supply your own requirements, or better still, that when such time comes, the required money will be available in this country for that purpose."



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The Financial Post's Platform for Canada

Balanced budgets.
A modernized constitution.
Extension of Empire trade.
Integrity in meeting public obligations.

The Nation's Business

ONE function of Parliament is to act as a safety-valve for the democratic machine. For five months, Ottawa has heard little else but the parliamentary machine letting off steam. This is an important function in any power plant, but unless there is driving power as well, the machine is of little value.

The session which ended last week has not driven the democratic machine very far. There has been the minimum of worth-while accomplishment; an overdose of vapid conversation.

One job in particular which was poorly done was the budget estimates.

Taxation is currently at the highest point since Confederation; the nation's expenditure for the present year is estimated at the near-record figure of $525 millions. Yet only a third of the amount was even discussed in the House of Commons; little or nothing was done to cut down the mounting and intolerable burden of taxation.

* * *

So far there has been no effort in Parliament to tackle seriously this problem of debt and taxes. Most of the driving force has come from treasury officials doing the preliminary work in the estimates submitted by the departments. This means that little more than the bare fringes of government expenditure and costs have been touched and that economies dependent upon larger questions of policy have been ignored.

There has been whittling here and there and praiseworthy efforts to improve accounting methods and practices, but there has been no real drive for economy or curtailed expenditure. Mr. Dunning cannot be said to have boxed the compass of sound finance and prudent administration until he has made more progress in really cutting the cost of government in this country.

There is, unfortunately, no demand in Parliament that he should. But the duty of leaders is to lead and it is to Mr. King and Mr. Dunning that the country looks for tax relief.

Lacking such leadership, most parliaments fail to crusade and sacrifice themselves for lower taxes until forced to do so. Their hand will not be forced until those who pay the bills, make the nation's business their business.

A Public Trust

THE important executive changes announced this week by Canada Life Assurance Co. are of very wide interest.

The new chairman of the board, Leighton McCarthy, K.C., has been a director of the company for over 30 years, during 10 of which he has been president. His contribution to Canadian life goes back 40 years to the days when he represented Simcoe County in the House of Commons. He was for many years a close personal friend and confidante of Sir Wilfrid Laurier. He played an important part in the great power and metallurgical developments on the Saguenay River, having been associated with the Aluminum Co. development in that area since its inception.

Alfred N. Mitchell, the new president, abandoned the newspaper business for life insurance some 37 years ago, and has been actively connected with Canada Life since 1915. His shrewd, unhurried judgments have played an increasingly important part not only in his own company counsels but in the interests of the life business as a whole. His election to the presidency of the Canadian Life Insurance Officers Association a few weeks ago was but one of many tributes to this leadership.

The new fashion for joint general managers brings into focus two men whose total record of service with the company reaches 27 or more years. It yokes men who have earned distinction in their respective fields of life insurance investment and underwriting. The company's new actuary earned his mathematical spurs many years ago as a doctor and father to ailing fraternalism.

* * *

It is Canada Life's proud boast not only to be the oldest of all Canadian life insurance companies, but also that it started business a full 20 years prior to Confederation. Its operations now extend to every part of the Dominion, and to Newfoundland; to Great Britain; to 11 of the United States of America; to the Bahamas, Bermuda and Hawaii.

Besides a far-flung official "family," it has over a quarter of a million policies on its books—policies which obligate it to pay upward of $820 millions of life insurance benefits and which are represented by assets of $260 millions.

Thus the operation of a modern life insurance company becomes a public trust in the broadest and best sense of the term.

The life insurance company must exercise wise trusteeship for its policyholders or creditors—those who entrust to it their savings in the assurance of future benefit. It has a public responsibility of equal magnitude as an investor of these funds; holding the balance between tens of thousands of individual receipts, on the one hand, and the claims of its debtors, large and small, on the other.

In 90 years of long and honorable dealing, the Canada Life has proved a worthy custodian of this public trust. The men who now assume new positions of responsibility at the head of the company seem amply fitted by their record and training to continue to uphold this responsibility.

The Lunatic Fringe Discovers Money

GENUINE reformers have always been embarrassed by the competitive eloquence of what Theodore Roosevelt spoke of as "the lunatic fringe in all reform movements."

Just now all the cranks on the lunatic fringe are gospellers for new money systems. The word "new" may not be strictly accurate. As the Minister of Finance said in his budget address the other day, the so-called "new economics" is in fact centuries old. It is said that the Rowell Commission had requests from about 40 evangels of money reform for permission to present briefs. Had the opportunities been granted, at least 40 quite different cure-alls would have been presented.

It would be difficult to find any economist, banker or financier who is completely "orthodox" in respect of money; that is, who sees no need of improving the techniques by which currency and credit aid in the effective interchange of goods and services. The present system unhappily lacks perfection. But where wise men ponder upon the facts and search for the truth, cranks preach the inspired certainty of their own crack-pot schemes.

In his budget address, Mr. Dunning referred to one of these schemes, the proposal that the Government should issue debt-free money to finance public expenditure. It was, he said a "hoary fallacy" whose devastating possibilities had been frequently demonstrated. It was merely currency debasement, used from time immemorial by monarchs who desired to filch from their subjects.

* * *

A phenomenon of the current avalanche of new money schemes is the manner in which many religious tract writers have turned from celestial paradises to earthly ones and from the devil to the banking system to find subject matters for their writings. Many eager-minded theorists have given up the castigation of Satan to turn to horrendous invective against the Money Power. Upon the banks they seek to unload the sins of mankind as the ancient Jews unburdened themselves at the expense of the scapegoat.

Walking along the streets of any large city one sees fewer street-corner missionaries deriding the established churches and more of them censuring the banking system. One picks up fewer intriguing scraps of paper on which are written words of promise concerning some happy but conditional hereafter and more that preach a living paradise for all if certain oversimplified things are done about money.

Frenzied emotion has seized upon a great many of the apostles of new monetary systems, as witness the Social Credit call to "stand up and be saved." All the characteristics of the old-time emotional religious sects are found in these new movements. Each one has its god and each its devil. The god may be Social Credit, or the compensated dollar, or the free issue of currency, or 100% money or something else. But the devil is usually the Money Power—a curiously ill-defined phrase that occasionally denotes the banks, often St. James Street, and every once in a while just Mr. Montagu Norman.

Using Our New Tools

AN AMERICAN reader writes in to express appreciation of two or three recent articles in which an effort was made to outline the influences at present at work on foreign exchange markets. Then he adds

> "I have been well aware that, as you say, 'the old rules of exchange fluctuation no longer apply.' Every time I try to judge of the probable course of exchange in making foreign collections I seem to guess wrong. I delayed an Argentine collection just as the government pulled the prop out from under the peso and I certainly have not made anything by delaying a Canadian collection for two months.
>
> "I used to have reasonably fair luck in guessing the course of exchange but now I feel like a fellow sitting in a poker game with two or three other fellows who have the cards marked."

The experience of this reader is not unique. And it is not merely in foreign exchange markets that the businessman finds it difficult to base his plans on a reasonable estimate of the influence of economic forces. The law of supply and demand still exerts a long-pull influence, but it is apt to work in reverse over short periods. Likewise, all traditional rules regarding the supply of credit and the comparative price levels of different countries exist today merely to be sterilized by the action of governments.

We are no longer in a free economy and there is no longer any automatic character to business trends. We are in an era in which governments seek to plan the economy of their countries. The planning is far from efficient or scientific and often produces results quite different from those aimed at. As someone has remarked, a planned economy is all plan and no economy.

It does not make a dub a good golfer to give him a matched set of clubs. It does not make a lawyer a good carpenter to buy him good tools. He has to know how to use the tools. Governments have the tools in the form of more regulatory legislation than ever previously existed in the history of mankind. But when it comes to using the tools, governments are still poor workmen.

In brief, Planning is not enough. The Plan has to be a practical one and the ability to execute it must be gained by experience.

Small Loan Fumbling

PARLIAMENT has let another session go by without doing anything to regulate the small-loan business.

A committee of the House spent months of the session just closed collecting information and hearing evidence from skilled witnesses. The subject was bandied about for hours in the Commons. During 1937, a Senate committee likewise worked on it for months. In 1936, another Senate committee worked equally laboriously but fruitlessly.

At times in the recent session it seemed that something would result. The committee's proposal left much to be desired, and the speeches of some members of the House indicated that they had learned little or nothing of the subject despite months of study. But at least the stillborn measure was definitely a step in the right direction.

Now Parliament has gone home, with the small-loan subject hoisted. Taxpayers' money has been wasted. Hours of valuable legislators' time has gone for nought.

Dominion Day Holiday

ANOTHER holiday week end has been spoiled for hundreds of thousands of Canadian wage-earners because Parliament still clings to the outworn fetish that great occasions should be remembered as "dates" rather than "days."

Many firms were thoughtful and far-sighted enough to close their plants or offices on Saturday morning so that employees could enjoy the July 1 statutory holiday But in thousands of retail, commercial and industrial establishments, the Friday holiday was largely wasted because employees were forced to come back for a full or half day on Saturday.

Dominion Day should be fixed as the first Monday in July. This would be a common-sense revision of our statutory holiday legislation.

It would permit ample expression of loyalty to the ideals and memory of Confederation.

It would permit equal opportunity and enjoyment for all.

It would avoid a shifting holiday that clings to the outworn fetish of celebrating anniversaries on their "dates." Could one person in 100,000 say exactly why July 1 (rather than June 30 or July 2) was selected as Dominion Day?

Editorials in Brief

"You hear the same gloom stories in London that I used to hear on Long Island . . . But they don't blame their governments over there."—*U. S. Ambassador Joseph P. Kennedy, interviewed in New York.*

Maybe there is a difference in the governments.

* * *

Bank of Montreal did a good job of news reporting the other day by publishing a concise summary of the Dunning budget in its current monthly letter.

But its effort lost effectiveness by the meticulous avoidance of any word that might carry a suspicion of editorial comment.

Why should Canadian banks avoid honest, constructive comment and criticism of national affairs, except at annual meeting time?

* * *

In their dual capacity as sources of capital and at the same time largest single customers for certain types of bonds, it would seem logical to expect the Canadian chartered banks to have more than an academic interest in the doings of the Investment Dealers Association of Canada.

But there was only slight evidence of this at the recent annual convention. Only one bank was represented.

None of the Canadian banks are members of the Investment Dealers Association and probably rightly so.

But it would be difficult to find two businesses so closely linked as are the bond dealers and the banks. Each needs the goodwill of the other and a better understanding of mutual aims and objects.

Sayings of the Week

"To tax and to please is no more given to man than to love and be wise."—*Sir John Simon.*

* * *

"Owners of motor-cars are the most selfish individuals who ever walked." — *Mr. Justice Bennett.*

* * *

"Population as a liability rather than an asset, is a new phase of community opinion."—*W. J. Cameron.*

* * *

"The Minister of Finance can dress up gloomy situations better than anyone I know."—*John Blackmore, M.P.*

* * *

"I guess swing has about swung itself out. It isn't a kind of music; it's the way that music is played."—*Irving Berlin.*

* * *

"New educational movements and reform programmes make the world safe for the publishers."—*Professor Harold A. Innis.*

* * *

"Everybody is riding in the cart. No one is pushing it. That is why we have business stagnation in America today."—*Roger W. Babson.*

* * *

"Street congestion results not from narrow roads but from having crossroads."—*C. G. Conley, President, American Institute of Steel Construction.*

* * *

"We are beginning to understand in this country more and more that there is one law for the rich, another law for the poor."—*J. S. Woodsworth, M.P.*

* * *

"Surely this Government can set an example and give encouragement to other taxing bodies by some effort to make tax reductions of its own."—*Hon. Earl Lawson.*

* * *

"It is true that food prices are higher today than they were during the slump, but one reason is because people are eating more and better food"—*Mrs. George Hall.*

* * *

"The fate of civilization today depends on whether these qualities of toleration, of good-will, of friendly co-operation, of ability to take the far-sighted view, and of willingness to sink differences of lesser importance for the sake of the larger interest, triumph in human affairs."—*Hon. C. A. Dunning.*

—*Cartoon by Grassick.*

NO REASON TO BE COCKY

Post-Scripts . . . .

B.C.'s Handy Man

British Columbia has found a new job for the Provincial Government's "handy man"—Dr. W. A. Carrothers.

W. A. CARROTHERS

He has been appointed to regulate the coal and petroleum industries. He is now busy granting licenses to newcomers in these fields and setting up a complete licensing system for both industries.

After a three years' investigation, a commission headed by Mr. Justice M. A. Macdonald brought down an exhaustive report recently, charging that oil companies and the coal mines were charging excessive prices for their products in British Columbia.

The Government did not agree with the entire findings; considered the recommendations a bit too drastic. The whole situation was complicated, and so it was turned over to Dr. Carrothers.

The doctor, who is recognized as one of the province's outstanding economists, will endeavor to work out a formula in dealing with the industries affected that will be practical; but he is not expected to make any of the sweeping changes recommended by the Macdonald commission. That may be the job of a permanent public utilities commission to be appointed during the next session of the Legislature, and it is a safe bet that Dr. Carrothers will be a member of that body.

* * *

Action of the Government in putting Dr. Carrothers in as a pinch-hitter on the fuel regulation job is characteristic of its attitude toward the able doctor ever since he abandoned his duties on the economics faculty of the University of British Columbia to serve on Premier Pattullo's economic council or "brain trust."

Whenever the Government wants a lot of intricate work done in the realm of economics or sociology—and wants it in a hurry—it has the habit of calling on Carrothers. It was Dr. Carrothers who had more to do than anyone else with preparation of British Columbia's brief for presentation to the Rowell commission. It was Dr. Carrothers who was assigned the difficult job of finding out just what constituted the Oriental problem in British Columbia. He possesses the happy knack of ferreting out worthwhile information from obscure sources and presenting it in effective fashion.

* * *

Dr. Carrothers is Irish born. He came to Canada in 1911, studied at the University of Manitoba, where he graduated. He was overseas with the 44th Battalion and later with the Royal Air Force. Afterward he took his doctor of philosophy degree at University of Edinburgh, remained there as lecturer for a while and then returned to Canada. He was on the staff of the University of Saskatchewan until coming to the coast to join the U. B. C. faculty. His appointment to the economic council was one of Pattullo's first official acts as Premier.

The argument that British Columbia suffers as a result of being forced to sell her natural products in the unprotected world markets while buying most of her goods in tariff-secure eastern Canada, one that has been stressed by the Government in its relations with Ottawa, has been developed almost entirely by Carrothers.

* * *

Texaco's Torkild

The British News Review had some colorful things to say the other day about our McColl-Texaco tiff of recent date. It describes the deal as "one of the cleverest campaigns ever staged in the Canadian stock markets"; exaggerates further by saying "the bitterest and shortest financial battle within memory followed it."

Torkild Rieber, head of Texaco is described as a one-time windjammer boy—"Cap" to his employees—who upset his Norwegian father by running away to sea at 14.

"Learning his seamanship in the merciless school of the old sailing ships, Torkild was at 21 in command of a sailing oil tanker, later bought by the growing Texas Corporation.

"After four years he was taken from the bridge and handed the job of creating an oil terminal from an orchard. Efficiency and dynamic power over men took him up the Texas ladder to supreme control."

Canadian principals in the fight are rated as follows:

"One-time associate of Canadian-born Lord Beaverbrook, Arthur J. Nesbitt is president of the investment and underwriting house that organized and financed McColl-Frontenac. His companion in the losing battle with Texas was Vice-president Peter Alfred Thomson, former star salesman for Heinz '57 varieties,' famous for selling pickles to Tibetans for burying with their dead. McColl-Frontenac owns properties capable of producing nearly 500,000 barrels of crude oil a year."

* * *

Henri Jordan

Mothers and fathers who plan to start giving their children music lessons "one of these days" should heed the advice of Henri K. Jordon, founder and conductor of the famed Schubert Choir of Brantford, who will, in October, receive an honorary degree of Doctor of Music from the University of Toronto.

HENRI JORDAN

The other day we asked him when he first started learning music and who taught him. "My mother," he replied, "When I was age four."

"I don't ever remember learning to read music. My mother saw to it that it came as naturally as reading and writing the letters of the alphabet. She was a brilliant musician, but the extent of her influence over myself and my brother Albert was the direct result of an early start. Even had she started teaching us two years later I am convinced it would not have been the same.

"It is said that I have 'absolute pitch.' It is little credit to me because I learned to know notes just as other children know colors. The note 'C,' for example, has been just as real to me all my life as 'red' is to most children."

* * *

Wherever choral music is known and sung Henri Jordan is famed for his Schubert Choir which he founded 32 years ago in Brantford. Actually the choir's history goes back almost 36 years for it was originally called the Male Choir. For the first few months of its existence it was under the direction of Henri's brother Albert, who prior to his death a few years ago, achieved equal distinction in other branches of music both at Toronto and London.

Henri Jordan studied in England prior to the war and was the pupil of Dr. F. H. Torrington. He has built his choir group year by year in the face of almost insuperable difficulties and he has made it both a community and a national asset by making available on every possible occasion the exquisite fruit of his peculiar genius.

Just this week his choir broadcast a notable concert from the Oakes Memorial Park at Niagara Falls.

* * *

Fanny's President

No impractical theorist of manufacturing and merchandising candy is John D. Hayes, newly-appointed president of Fanny Farmer Candy Shops. When one modest candy shop grows in 25 years into the largest chain of stores of its kind in the world, the organization's principals are likely to have more than a passing knowledge of its many ramifications, and theories that have weathered such a trial are very apt to be fundamentally sound.

JOHN D. HAYES

Mr. Hayes has been associated with the Laura Secord-Fanny Farmer enterprise since the first candy shop was started by his brother-in-law, Frank P. O'Connor (now Senator O'Connor) in Toronto in September, 1913. For the past 17 years he has been vice-president and general manager of the Laura Secord business in Canada as well as vice-president and general manager of the Fanny Farmer chain. Now he is moving to Rochester, N.Y., to assume active management of the U.S. chain.

* * *

By 1919, the success of Laura Secord Candy Shops warranted establishment of a similar organization in the United States. The place decided on for the experiment was Rochester, N.Y., and since the name of Laura Secord had proved so suitable, it occurred to the originators that a name of similar import in American life might be a happy augury.

Not a heroine of the vigorous proportions of Laura Secord was Fanny Farmer, but a master of culinary prowess in the famous Boston Cooking School, and probably no less entitled to fame than her Canadian counterpart.

The experiment "took" and Americans in Iowa and Maine were soon partaking of the dietetic delights of Fanny Farmer's "studios." At the present time there are 232 stores vending the products of six "studios." The territory covered extends from Portland, Maine, in the east to Des Moines, Iowa, in the west, and as far south as Washington, D.C.

* * *

When Senator O'Connor withdrew from active participation in the affairs of the company his responsibilities as president passed automatically to Belleville-born John D. Hayes. At the same time Mr. Hayes resigned from the position of vice-president and general manager of Laura Secord, to devote his entire energies to the U. S. business.

Mr. Hayes is succeeded by C. P. Moher as vice-president and general manager of Laura Secord Candy Shops. Mr. Moher has been associated with the Laura Secord and Fanny Farmer Candy Shops for over 20 years. He was assistant general manager for the past 12 years.

Can Fanny Farmer continue the phenomenal rate of expansion that it has experienced since its formation? Mr. Hayes thinks so. "The company will continue to expand as it has been during the years past," he says.

Business and Politics . .

Editor, The Financial Post:

I have read with very great interest your recent editorial entitled: "The Business of Politics."

It is, unfortunately, true that many politicians adopt an attitude of criticism toward many of the other professions or trades including the profession of business. It is equally unfortunate, I think, that the reverse also happens, namely, that many of the other professions criticize politicians unfairly. Indeed, I think that if it were not for fear of the politicians, fear of their tongues and of their power, contempt for the political class would be much more evident than it is. This is highly unfortunate.

Consider, for example, how few prominent business or professional, men, leaving aside, of course, those who are candidates at elections, take an interest in political organizations. Some of them may attend a great political meeting where a leader speaks, but at organization meetings—the bases of all political action—their absence is most noticeable. Many of these same men would be found attending church meetings, Y.M.C.A. meetings, Boy Scout meetings or other gatherings of that sort—all of which have, of course, their own value, but many of which are not to be compared in importance with political meetings.

This situation has led many a politician to assume that business and professional men generally rather look down on politicians, and the result is a cleavage where there ought to be co-ordination. Dr. Clarke is right when he says that government is the largest business in Canada. It is not only the largest, it is by far the most important, and the pity of it is that so many of our citizens look on politics as a thing apart from their lives, and not as something which affects every phase and field of human life.

If political life is deprived of the advice and guidance of many of our best men, it will naturally be a more barren and unproductive life. I believe that The Financial Post would do a good service by urging businessmen to take a more active and effective interest in politics, and by telling them not to confine their interest merely to attending an odd meeting or pulling an odd string behind the scenes, but by taking their share in the humdrum of political life.

ANGUS MACDONALD,
Premier's Office,
Nova Scotia.

In the Mail . .

Wheat Prices

Editor, The Financial Post:

With virtually empty Canadian bins (so far as bread wheats are concerned) by August 15, this reader finds unusual significance in the following related items in The Financial Post of June 18: "This may be Canada's year in world wheat market . . . a normal yield of somewhere between 300 and 400 million bushels is almost assured"; and, dealing with winter wheat prospects in the United States, "From these two causes, frost and rust, probably 100 million bushels have now been cut from earlier possible yields of winter wheat and the total loss may go 150 million bushels."

There is an interesting "swing" there of possibly 250 million bushels of North American bread grain which should sober the most enthusiastic "bull" and inject some confidence into the conservative side of the market? The next three weeks should tell the story.

It is encouraging, in the meantime, to find The Financial Post reminding its readers that "One such harvest will not, of course, lift the three Prairie Provinces out of the red, but it will generate huge new purchasing power in an area which has had practically no recovery since 1932."

May I say, however, that I find your base date rather unfortunate. 1932 was the year in which 400,000,000 bushels of Canadian wheat brought the same number of dollars as 200,000,000 bushels in 1936. Every influence should be brought into the fight against a repetition of such deplorable prices. Saskatchewan simply cannot stand another series of "40-cent wheat" seasons, whatever the bushelage.

W. P. D.

Toronto.

Other People's Views . . .

Our Tourist "Crop"
Regina Leader-Post

Finance Minister Dunning's reference in his budget speech of the other day to Canada's steadily-mounting tourist business is of compelling interest in the light of movements here and there in Canada to add to the country's hard-surfaced highways. Such highways are "few and far between" in western Canada, but there is quite a show of life this summer as to early action in the cities of Regina, Moose Jaw, Saskatoon and Prince Albert.

This $290,000,000 business for Canada might easily be increased to $500,000,000 a year if Canada, and particularly western Canada, had a substantial increase in hard-surfaced highways. A hard-surfaced highway to an American motorist is like a fat worm to a robin. He likes it. He is accustomed to it in his own country.

Canada possibly is only at the beginning of its tourist possibilities. We can hold and develop this trade with good roads and fair dealing and courtesy for the tourist all along the line.

As Others See Us . . . .

Forecasting the Milch Cow
Saskatoon Star-Phoenix

The optimism of the West is almost a byword in Canada. Indeed at times in certain parts of Canada it is referred to in a derogatory way, as being responsible for much of the West's financial troubles. And sometimes it is the foundation for a lot of friendly raillery.

Thus The Financial Post in its comment, semi-editorial column, the Nation's Business, remarks "This may be Canada's year in world wheat markets." It tells about the excellent crop prospects and then goes on by saying just about what the West likes to hear.

In view of the harsh words that have been spoken by certain provincial politicians in Central Canada, it is pleasant to read this recognition of the importance of western production to Canada's economy. But perhaps a little restraint on this exuberant spirit would be appropriate for it is an old saying that it is not wise to count chickens before hatching or to make expenditures on the expectation that the cow is going to give a lot of milk this year.

Future of the Pools
Medicine Hat News

What is the future rôle of the Canadian Wheat Pools? Will they accept the advice of the Turgeon Royal Commission and return to their original objective of co-operative selling? Or will a large crop on the North American continent tempt them to revive the ambitious but disastrous market control schemes of the late twenties? asks The Financial Post.

There is nothing in voluntary growers' pools to antagonize European buyers as was the case when compulsory pooling was attempted 10 years ago. Their chief objective is to secure an average price over a short marketing period for a group of growers. Instead of taking the cash price for each individual shipment on the day delivered, these growers would bring in their grain within a stated period. There would be continual sale of that grain at naturally fluctuating prices, but the average price for the whole period for all the grain would be paid to each shipper. By hedging sales in the same way flour millers hedge purchases, there should be no market losses, but also, of course, no speculative gains.

This is in direct contrast to the compulsory marketing idea suggested by some Pool officials 10 years ago, an idea which lost to Canada thousands of good customers, points out The Post. Under that misguided plan, the central pool not only endeavored to secure an average price for its members, but it also attempted to dictate to buyers what that price would be. Customers sharply resented this and turned elsewhere for their wheat—as they will assuredly do again if a similar attempt is made in the future.

Stop Me If . . . .

Aunty (making long-delayed visit)—"And so you married your employer? How long did you work for him?"

Niece—"Until I got him."

Week in Business

Business Signs Hopeful But Picture Still Vague

Coming Weeks Expected to Be Testing Period—Stock and Commodity Prices, Lower Inventories May Give Impetus to Upturn

Business enters the second half of the year with every indication that the ensuing few weeks will be a proving period. Current influences point to an upturn but cannot produce recovery without supplementary developments.

The next month to six weeks should demonstrate whether such factors as quickened activity in stock markets, firming commodity prices and low inventories, are to give continuing impetus to business.

The period will also be watched for definite crystallizing of prospects for good crops in the West, for recovery of purchasing volume in Canada's major export markets, for return of sufficient confidence to renew normal industrial and commercial activity.

• • • •

The first six months of the year ended with virtually every measure of business to date reflecting a setback from last year's level. The picture was brightened with hopes that lost ground would be made up by December. As yet, however, the signals of an upturn are only potential.

In regard to the Canadian wheat situation, all developments to date have given promise of a crop of good volume and potentially good purchasing power in the West. But most reports emphasize that while moisture supply and other growing conditions have ranged from satisfactory to excellent in growing areas, continued moisture and freedom from blights are essential between now and harvest time. Prospects have been clouded by dryness, grasshoppers and other difficulties in parts of the Peace River district. And world wheat market conditions have by no means clarified sufficiently to assure good prices for the crop produced.

• • • •

Another influence lacking definiteness is the outlook in regard to the U.K.-U.S.-Canada trade treaty negotiations. Already this has acted as a brake on Canadian business by delaying submission of the Dominion budget. In many quarters there is still anxious uncertainty as to what concessions and advantages affecting Canada will be embodied in the final agreement. Such uncertainty does not make for normal business activity, and prospect of further delay emerged this week from the report that the Australian negotiators in London had broken off discussions regarding the proposed new pacts.

• • • •

The brightening picture in the United States, where market recession has cut Canadian export sales, is still clouded with some uncertainties. A slackening of the tension between business and the New Deal administration has far from dissipated the hostile, untrusting inaction of industrial enterprise generally. Announcement by U. S. Steel Corp. and several independents of steel price reductions, coupled with wiping out of geographical price differentials, was followed by a U. S. Steel statement that no assurance had been given wage levels would be maintained.

Should the reductions not produce larger volume of business, it is possible the corporation would seek to cut wages through the "escape clause" in its contract with the C. I. O. and would meet union resistance.

Business Indicators

Current business off, with D.B.S. index for third week of June a full point below previous week, two points under same period last year; **commodity prices** up fractionally.

Construction contracts in June 31% below same month in 1937, figure for first half of year down 26%.

Carloadings still behind this time last year, off 12% in week ending June 25.

Retail trade index for May fractionally above April, but below May last year; **country sales** slumped 2% in similar comparison.

Bank debits in May down 11% from May, 1937.

Flour production up 8% in May, despite shrinkage of export in same month.

Coal production eased slightly in May, with more noticeable drop in **coal imports.**

Current trend in Canadian business shown by The Financial Post index of business activity, with new figures for the week marked thus ▲.

	June 25	June 18	June 11	June 4	June 26/37
Weekly index, D.B.S.	106.0	107.0	107.1	108.5	108.3
Commodity prices	80.4	80.2	80.3	80.3	84.8
	May	Apr.	Mar.	Feb.	Year Ago
Financial Post index	110.5	109.0	108.9	113.0	122.0
Retail trade index no. of sales	▲76.5	76.2	77.9	76.4	78.9
Dept. store sales "	73.8	75.8	75.5	76.9	79.2
Wholesale index no. of sales..	....	89.1	87.9	71.7	94.4
Country sales (% of gains)	▲*2.2	5.5	0.5	3.7	8.9
Employment D.B.S. Index—					
	June 1	May 1	Apr. 1	Mar. 1	Year Ago
All industries	111.9	107.4	105.0	107.8	114.3
Manufacturing	112.3	110.6	110.8	110.5	117.9
Living costs♦	....	$17.36	$17.48	$17.39	$17.28
				Jan. 1 to date	
Railways—	1938	1937	1938	1937	
Carloadings, week (June 25)	▲43,397	49,368	1,098,280	1,188,576	
C.N.R. gr. earn., wk. (June 30)	$ ▲4,394,277	$ 5,056,183	$ 82,759,560	$ 94,996,314	
C.P.R. gr. earn., wk. (June 30)	$ ▲3,411,000	$ 3,633,000	$ 61,286,000	$ 66,789,000	
C.P.R. net revenue (May)	$ ▲422,118	$ 1,374,219	$ 2,169,620	$ 7,065,042	
C.N.R. net revenue (May)	$ •478,614	$ 1,666,250	$ •4,909,400	$ 6,232,761	
Iron and Steel (May)—					
Pig iron production (tons)	71,602	78,147	339,783	345,666	
Steel ingots and castings prod. (tons)	114,859	120,843	561,340	594,433	
Automobiles (Number)—					
Passenger Cars:					
Domestic sales* (Apr.)	16,810	17,147	37,631	45,338	
Factory output (May)	13,641	17,980	65,088	79,644	
Trucks and Buses:					
Domestic sales* (Apr.)	3,962	3,873	9,376	10,020	
Factory output (May)	4,474	5,478	22,338	25,086	
Exports (May)	5,253	5,075	29,165	27,678	
Financing (May)—					
Used	$ 4,794,541	$ 4,754,834	$ 15,075,292	$ 14,535,558	
New	$ 5,295,003	$ 5,810,739	$ 16,274,424	$ 17,971,623	
Construction—					
Production—					
Cons. contracts (June)	$ ▲20,928,100	$ 30,369,600	$ 80,655,200	$ 110,375,800	
Cement, bbls. (April)	364,096	371,839	873,104	780,029	
Clay (April)	264,689	289,272	755,737	730,664	
Gypsum, tons (April)	49,579	65,708	68,158	102,360	
Agriculture—					
Flour prod., bbls. (May)	▲977,740	900,288	4,541,922	5,058,620	
Flour exp., bbls. (May)	297,126	348,866	1,351,828	1,686,712	
Wheat exp., bus. (May)	3,370,545	8,026,507	18,508,485	31,543,967	
Cattle sales (May)	▲54,909	54,304	267,708	295,522	
Hog sales (May)	▲54,009	79,135	315,264	439,876	
Sea Fisheries—(May)‡					
Catch, cwts.	1,078,865	1,150,998	2,261,125	2,312,203	
Landed value	$ 1,888,222	$ 2,402,839	$ 3,969,492	$ 4,677,678	
Newsprint (tons)—					
Production (May)	207,678	310,650	1,058,177	1,475,595	
Exports (May)	209,069	294,725	908,766	1,324,937	
Mining and Oils—					
Coal prod., tons (May)	▲1,017,337	1,077,669	5,967,907	5,958,415	
Coal imports, tons (May)	▲1,351,193	1,702,528	3,368,947	4,303,066	
Gold prod., fine oz. (Apr.)	368,439	323,337	1,446,396	1,288,231	
Nickel prod., lb. (Apr.)	20,469,463	20,266,884	74,047,064	71,964,212	
Copper prod., lb. (Apr.)	47,750,255	41,989,288	195,129,628	159,493,890	
Crude pet. prod., bbls. (Apr.)	464,316	188,014	1,815,685	659,653	
Crude pet., imp. bbls. (May)	▲3,801,000	3,792,717	9,519,976	9,902,716	
Electric Power Output (May)—					
Total monthly m.k.h.†	2,081,935	2,301,167	10,741,884	11,500,794	
Trade—					
Imports (May)	$ 67,123,037	$ 76,707,454	$ 277,745,537	$ 305,147,005	
Exports (May)	$ 72,791,247	$ 105,603,835	$ 337,371,613	$ 420,977,332	
Other Industrial Factors—					
Dressed lumber, exp.‡					
M. bd. ft. (May)	124,957	152,758	589,915	680,443	
Boot & shoe prod., pr. (Apr.)	1,959,885	2,219,297	7,308,310	8,017,938	
Cotton, raw, imports, lb. (Apr.)	6,760,526	8,629,060	42,700,281	51,394,477	
Raw rubber imp., lb. (May)	▲5,700,660	9,452,674	•18,081,374	24,838,547	
Cigarette cons. (May) No.†	592,763	575,520	2,600,334	2,427,117	
Sugar manufactured, lb.§	95,504,100	87,559,375	189,466,149	209,735,216	
Finance—					
Bank debits (May)	$ ▲2,461,867	$ 2,768,765	$ 11,854,491	$ 15,294,091	
Bond sales (May)	$ 205,350,369	$ 160,257,775	$ 560,246,550	$ 615,082,506	
Life insurance (May)	$ 30,342,000	$ 31,858,000	$ 157,588,000	$ 155,078,000	

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For four weeks to May 21, 1938.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
♦For average family per week, food, fuel, rent. •Deficit. *Decrease.

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Dominion Textile Workers Unite

Follow Company Proposal and Elect Works Councils

From Our Own Correspondent

MONTREAL. — Nominations and elections for works councils have taken place during the past week under the plan put before employees of Dominion Textile Co. for their consideration earlier in the spring.

A statement by the company says: "Works councils, composed of duly elected representatives from the employees in each department of the mill, have been properly constituted in the Hochelaga, Merchants, Mount Royal and Magog cotton mills and also in the Colonial Bleachery and at the Magog Print Works. The Sherbrooke cotton and rayon mill have had their works council in operation since April, while the Drummondville Cotton Co. has had its works council since the beginning of June.

"The only mill in which the employees did not evince interest in sufficient numbers to justify proceeding with the election of a works council was Montmorency. At all the other mills the majority of the employees showed their support and interest, while only a minority refrained from voting, cast bad ballots, or voted for ineligible parties."

Commodities

Advances have again been in the majority in the commodity markets, cotton, rubber and silk continuing prominent in the upward move. Hides and copper have also been stronger. On the other hand there has been some recession in the prices of cattle and wheat. The decline in the first was very moderate and probably due to seasonal influences while the wheat market was affected by the good crop prospects in Canada and elsewhere. In spite of recessions in these two important quarters the Dominion Bureau of Statistics index was slightly higher.

The rise in cotton, reflecting an increased demand for cotton cloth is especially worthy of notice as cotton textile markets have usually been among the first to respond to any change in business sentiment. The industry accordingly has usually been one of the first to show recovery from each of the post war depressions.

It is also stated that the outlook in other lines of a similar nature, such as woollens and boots and shoes, has also been better.

While inventories are not believed to be in such a position as to justify any boom, yet they are not considered to be by any means burdensome and the general feeling is that repurchasing is likely to be evident soon.

Price Range

	Latest week	Previous week	Same week last yr.
Cattle	$8.00	$8.10	$9.75
Hogs	12.15	11.90	10.25
Copper, lb.	.09⅛	.09	.14
Cotton, lb.	.0912	.0885	.1249
Rubber, lb.	.1520	.1395	.1938
Sugar, raw, lb.	.0268	.0266	.0350
Silk, lb.	1.81	1.68	1.92
Wheat, Man. (bus.)	1.00½	1.08⅛	1.50⅛
Coffee, lb.	.04⅞	.04⅞	.08⅝
Hides	.09¾	.09	.15½

Weekly Indices

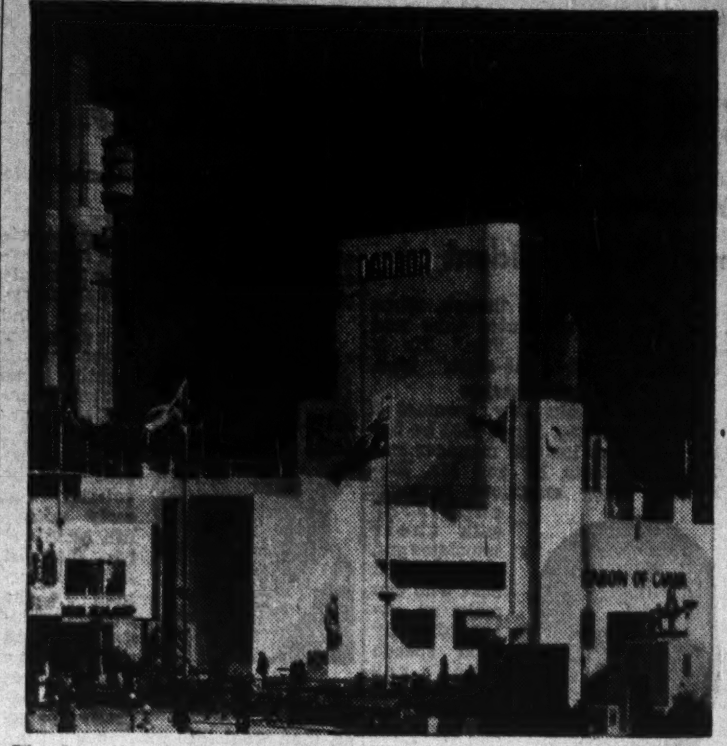
Canada (D.B.S.)	80.4	80.2	84.8
Do., Wood, Gundy	54.5	53.5	52.6
U. S. Labor	78.4	77.8	86.5
Dow Jones (future)	49.61	47.91	....
Crumps (Brit.)	73.0	73.0	82.7
Fishers'	80.9	81.1	92.5

Monthly Indices

Canada (D.B.S.)	Latest month	Prev. month	Same last year
Retail (May)	84.2	84.3	82.8
W'sale (May)	80.3	82.3	85.2
U. S. (Apr.)	78.7	79.7	88.0
Gt. Brit. (Apr.)	103.1	104.1	108.9

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto: Copper-electrolytic, New York: Silk — Japanese, 13-15 New York: Sugar — 96 degrees centrifugal c/f New York: Wheat — No. 1 Man. North, Ft. W.-Pt. A. Basis: Hides — No. 1 packer light.



The Canadian Pavilion dominates Dominions Ave. at the Glasgow Fair

Canada's Sales at Glasgow

Canadian Pavilion at Empire Fair Has Daily Attendance of 35,000

By H. L. SOUTHALL,
Editor-in-Chief, Business Newspapers, The MacLean Publishing Company, Limited

GLASGOW.—With an attendance of three million in the first six weeks, the Empire Exhibition, within its 15 acres probably the most comprehensive showing of Empire products and resources ever assembled in one place, is considered to have got away to a good start. The attendance is considered to compare favorably with Wembley in 1924, though not quite as large.

There is a uniformity of architecture and a pleasing harmonizing of buildings, pools, fountains. When illuminated at night they present a very striking appearance. No automobiles are allowed in the grounds, transportation being provided on small auto-buses. One noteworthy contrast with the Canadian National Exhibition in Toronto is the absence of noise. There is a quiet, conservative dignity about the whole enterprise—no raucous shouting or ballyhoo over amplifiers.

Canadian Pavilion

The Canadian Pavilion dominates Dominions Avenue, being flanked on the one side by Ireland and on the other side by New Zealand and South Africa. Facing is Colonial Avenue, with buildings representative of West African Colonies, Southern Rhodesia, Victoria Falls and East Africa, Malaya, British West Indies and composite colonial exhibits.

J. O. Turcotte, Commissioner for the Canadian Government Exhibition, told the writer that an average of approximately 35,000 persons visit the Canadian Pavilion daily. The idea of selling samples of food products, tried out successfully with salmon sandwiches at the Paris Exposition, has been extended and incidentally is used now by most countries exhibiting at the Fair.

Some of the other Dominions are selling samples of fresh fruits such as apples, pears, etc., which are in season. Canada is unable at the moment to do so, but toward early fall will bring along supplies of this year's crop for the purpose. From enquiries by visitors it is evident that hundreds of cases of apples could have been sold, but seasons are seasons and Canada's turn will come.

In the Canadian Pavilion there are 42 manufacturers with exhibits. The main feature of the building, already well publicized, is the huge map of Canada painted on Canadian copper, and fitted with electric bulbs which illuminate when passers-by press buttons showing where various oil fields, electric development projects, civic airports, etc., are located. If one were to offer a criticism, it would be that again too much stress is placed on Canada's great hinterland to the north and too little upon our highly industrialized sections.

The upper two thirds of the map shows the section from about James Bay north to Banks Island, Prince of Wales Land and Somerset Island. When there is a crowd viewing the map, those back of the front row or two see little of the sections of southern Ontario, Quebec, Maritimes and the Prairie Provinces, where our population and industries are largely centred. They do get a wonderful view of Canada's tremendous wilderness areas, which are plentifully dotted with good-sized British flags marking R. C. M. P. posts and which bear illustrations revealing that we are engaged in reindeer ranching, propagation of penguins, wolves, moose, caribou, polar bear, musk ox and foxes. Nothing is omitted, even to the whales off our northern coasts.

The scarlet-coated R. C. M. P. men have been besieged for autographs and have undoubtedly created much interest.

Those responsible for the map have certainly gone to extremes in depicting the main portion of Canada as constituting areas where wild animals roam and the storied R. C. M. P. hold sway.

Industrial Activity

The booklet on Canada points out that no longer is Canada merely a world granary, but she provides the raw and finished materials for many of the engineering and industrial undertakings of countries far beyond her border. This year minerals to an estimated value of over £91 millions will, it is said, be produced from areas shown on the huge map. Mention is made in the booklet that we have a coast-to-coast chain of aerodromes which emphasize Canada's claim to lead the world in the use of the air for freight purposes. These claims, unfortunately, are not set forth in any vivid way in the exhibits.

I understand there was some delay in receipt of the necessary pieces of ore for display. It does seem a little odd that after seven weeks have elapsed since the Fair opened such an important department as mining was only just taking shape.

Washing Machines Popular

Canadian washing machines appear to be quite popular, one firm exhibiting at the Fair claiming to have 138,000 of its machines in use in the U. K. There are no less than five Canadian washing machine makers showing their products in the Canadian building, and I believe there are others in other buildings.

An indication of the slipshod methods adopted by some Canadian companies in going after export business was the fact that in the booth of one washing machine manufacturer there were five or six models on display, but no stock which could be sold. Five or six weeks after the show commenced the representative still had not one piece of literature on the machines which he could hand out to prospects.

Electric refrigerators have not taken on well here because of the comparatively small variation in temperature throughout the year. The limited number of really hot days in this part of the country discounts their importance and the people have not learned to appreciate the use of a refrigerator throughout the year for food preservation.

Background of Business

Luxury Tax Protest

Strong stand against continuation of the 10% "luxury tax" on various drug supplies and toilet articles, coupled with hope that it may be removed or lightened when tariff adjustments are made following the U.S.-U.K. trade treaty, is taken in Drug Merchandising. The paper says in part:

"This is an unjust and discriminatory tax. There is not the long profit in these products that many people think there is. The inequitableness of a tax of 10% over and above the high sales tax of 8% adds an excessive surcharge upon items of everyday necessity such as tooth paste, shaving cream, mouth cleansers, and ordinary cosmetics."

It is contended that the tax curbs sales volume and adds to costs for both manufacturer and retailer, forces the public to pay high prices for necessities, and limits revenue accruing to the Government through curtailment of sales volume.

• • •

Sales Tax Outlook

The tremendous volume of revenue collected by the Dominion Government through the sales tax ($138 millions) provokes comment of Canadian Grocer. The paper notes pointedly that Dominion deficits continue despite the mounting burden of the sales tax and other levies on the public by Government. But it is feared that any effort to bring about reduction or removal of the sales tax will make little headway for some time to come, owing to the Government's need for revenue to keep deficits from getting higher.

• • •

Boost for Tourism

A desirable method of stimulating increased tourist traffic into Canada is illustrated in the instructive booklet, "Canadian Holiday," recently published by the Automobile Club of New York. Profusely illustrated with maps and photographs, it covers all the principal sections of Canada's 12,000 miles of mainly travelled highways from Prince Edward Island to Vancouver. The volume contains information on United States and Canadian customs-immigration regulations, hunting and fishing laws, national points of interest, Dominion parks, steamship schedules and rates, chief tourist-attracting [illegible] bus fares, golf clubs, provincial auto traffic laws, travel tips, and special reports on the Laurentian Mountains and Muskoka Lakes.

• • •

Auto Transport Finding

While the Chevrier Royal Commission on Transport prepares to wind up its enquiry and formulate its report on automotive transport in Ontario, the International Chamber of Commerce has been scrutinizing the problem from the broader international viewpoint.

Meeting at Paris in June, the Chamber's highway transport commission arrived at the following conclusions:

"Public road transport enterprises should be subject to such regulations as are required by the public interest, to assure safe and regular transportation. In other respects, especially rating, they should not be governed by the operating conditions of a given mode of transport, but should have a ratio structure compatible with their own operating conditions. It would seem preferable that the organization of the motor transport industry should be effected on a voluntary basis rather than by compulsion."

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Foreign Exchange

The Canadian dollar gained some strength during the past week as exchange markets generally levelled out and buying became relatively thin. Canadian commitments in the United States which had to be met by the end of June had produced extensive buying here of U. S. dollars for half a dozen weeks and when this buying dried up, the Canadian dollar stiffened.

War and monetary scares temporarily subsided, the exchange markets generally had a better tone with relatively small volume.

AT TORONTO AND MONTREAL

U. S. Dollar	High	Low
July 2	1.00¹¹⁄₁₆	1.00¹¹⁄₁₆
July 1	—HOLIDAY—	
June 30	1.01	1.00¹¹⁄₁₆
June 29	1.01	1.00¹¹⁄₁₆
June 28	1.01	1.00¹¹⁄₁₆
June 27	1.01¹⁄₁₆	1.01
U. K. Pound	**Closing**	**Last Year**
July 2	5.00	4.95⅛
July 1	—HOLIDAY—	
June 30	5.00½	4.95
June 29	5.00½	4.94⅝
June 28	5.00¾	4.94
June 27	5.00⅝	4.94⅜

Other Currencies, July 2

Australia	4.00½	Italy	.0531
Belgium	.1710	Japan	.2916
Czecho.	.0350	Jugoslavia	.0238
Denmark	.2232	N. Zealand	4.03½
France	.0281	Norway	.2513
Germany	.4070	S. Africa	5.00
Greece	.0092	Sweden	.2578
Holland	.5584	Switzerland	.2315
Hungary	.1725	Hong Kong	.3118
India	.3716		

Foreign Business

Business conditions in foreign countries are summarized by the United States Department of Commerce as follows:

Argentina — Notwithstanding greatly reduced export volume, trade in most lines continues fair; unfavorable weather is believed likely to make the current corn crop very late.

Peru—Farm production outlook is favorable, but agricultural industries are confronted by uncertain world market outlook; both wholesale and retail turn-over have slackened.

Cuba—Lacking stimulus of the sugar-grinding season (closed May 31), and sugar prices continuing unsatisfactory, June business drifted to lower levels.

Guatemala—Practically all lines of trade recorded a further seasonal decline in June; import stocks are still above requirements.

El Salvador—Commercial buying was largely limited to basic requirements in June, and foreign-trade tonnage is considerably smaller than last year.

Dominican Republic—Low market prices abroad and curtailed orders for future delivery for Dominican products have limited business activity.

Jamaica—Although the Island's exports have been below those of last year, they have not notably declined, and several important items have increased.

Japan—A small business improvement is expected upon consummation of the proposed alleviation of import restrictions on a few essential raw materials for the manufacture of export goods; imports of some other products, particularly wool, are to be further reduced.

Germany—Foreign trade for May shows a greater increase in imports than in exports and consequently a rise in the excess of imports over exports as compared with April.

Individual Investment Requirements

No two persons have quite the same circumstances or obligations to consider in managing their investment affairs. It is the aim of this organization to make such investment suggestions as will best suit the specific requirements of individual clients.

Inquiries are invited at our Branch nearest to you

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QUARTERLY REVIEW of Canadian Business

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★ Use it all year 'round
★ Presents the proven features of three previous successful models
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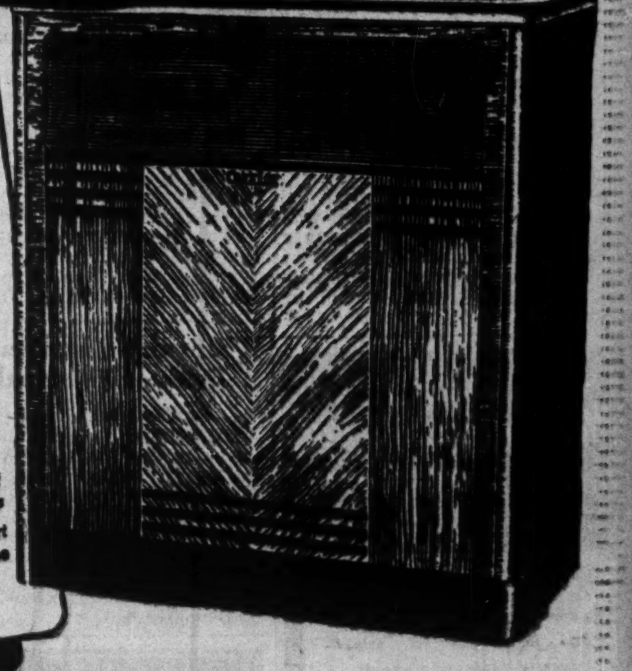

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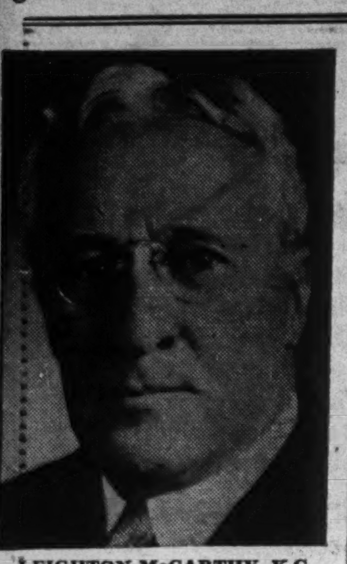


LEIGHTON McCARTHY, K.C.
Chairman, Canada Life Board

Insurance Problems

Mutual Benefit

A widow who is getting on in years and carries no insurance has asked my opinion about insuring with the Interior Mutual Benefit Association of Vancouver. On account of her age, she feels that the rates of other companies are prohibitive. It appears that a person getting on in years can get insurance at the same rate as a young person. I would be much obliged if you could give me any information about the Association.

This association was incorporated under the Societies Act of British Columbia at the end of 1923 under the name "The Two Thousand Club of Similkameen District." The change to the present name came in 1936.

According to the last return under the Societies Act, the association on Nov. 30, 1937 had 607 members and there were five deaths during the year. Upon entry, members pay $5 and an assessment fee of $1 and dues of $4 each quarter of the year. In addition, every member is assessed $1 for every death, or case of total or permanent disability of a member. The beneficiary of a deceased person receives the amount actually collected by such assessment until the number of members reaches 2,000 when the assessment would be reduced.

Such associations have been frowned upon in most parts of Canada because many are actuarially unsound. In the earlier stages while the members are of moderate age, things may go well, but as the membership grows older and the claims become more frequent, young people do not come in and the assessments on older members become exorbitant. We cannot advise insuring with one of these associations.

Western Empire Life

I have quite a number of shares of Western Empire Life Assurance Co. which are worth only about $1.50 per share now. A Vancouver man offers to trade me some shares of Greenbridge Gold Mines at 15 cents per share. What is your opinion?

This proposal is really a shift from a security type of investment to a speculation. Such transfers usually tend to weaken rather than strengthen the shareholder's position.

It is to be hoped that the most trying days for Western Empire are over. It has a comparatively large volume of its invested assets in farm mortgages, some 52%, which during the past few years have presented many difficulties and probably some losses through mortgage moratoria, debt adjustments, etc. Assets have been declining over the past five years and are now at $1.6 million. At the 1937 year end, business in force had continued to grow and was at $7.4 millions. During the year Western Empire sold $1,575,000 of insurance, 3% more than in the preceding year. If the general economic situation, especially in the Canadian West maintains a fair level of prosperity, there might once more be some equity in your Western Empire shares which would make them worth more.

Greenbridge Gold purchased a 100-ton mill which was to be erected early in 1938. We have no record of this mill going into operation. In October, 1937, it was reported that ore reserves consisting of ore in dump, broken in stopes and blocked out was 30,000 tons. In 1936 when several cars of ore were shipped to smelters, average was $18.89 per ton.

B. C. Registry

Dominion Bank has advised the Toronto Stock Exchange that it will open at its chief office in Vancouver on July 2, 1938, a stock register at which shares of shareholders resident in British Columbia will be registered.

Insurance

Canada Life Executives Move Up

Leighton McCarthy Board Chairman

A. N. Mitchell Named New President

By RONALD A. McEACHERN
Staff Writer, The Financial Post

CANADA Life Assurance Co. announces that the 10 executive changes of this week involve no change in policy.

For anyone who knows the men involved, the statement about policy is unnecessary. For in no way is Canada Life more distinguished than in its leaders. In every last case, there is a clear reason why the man is in the job. By brains, character and record, every man in the group is known for carrying his weight and more.

There is a remarkable similarity among them; and at the same time as much difference as pieces in a jig-saw puzzle. They are all the same sort of people; just as you may find pretty much the same sort of people attending one club, one house party, one church or one fishing trip.

By and large, the main feature of the change is a reallocation of titles. In almost every case the burden of the work will remain about the same.

Chairman of Board

Leighton McCarthy, K.C., moves up from the presidency to be chairman of the board. He has been planning this for some time. He wants to travel at a little slower pace, which will give him more leisure for some of the things he has wanted to do for a long time.

Mr. McCarthy says he is 69, looks younger. Lacrosse, played before Toronto throngs 30 years ago, first brought him into prominence. He is now a director, among other things, of the Maple Leaf Gardens at Toronto, and is a regular attendant at hockey games. His golfing has been good enough to give him a place on the Canadian Seniors which went to Britain a few years ago.

H. C. Cox, who has been chairman of the board, becomes chairman of the London board. Growing importance of Canada Life's British business and the fact that Mr. Cox now lives most of the year there has created the present useful arrangement.

New President

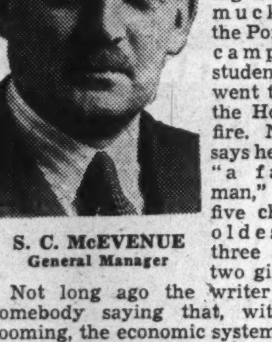
A. N. Mitchell becomes president. He has been general manager since 1930, later vice-president. The insurance world knows Mr. Mitchell very well indeed. He has long been a keyman in the Life Officers Association and an indefatigable promoter of policyholder interests.

One characteristic was well illustrated during his days at the University of Toronto, where he was preparing to be a lawyer. He had to pay his own way and his method was characteristically enterprising. At that time, there was no newspaper for the university as a whole. He decided he could make money with one and found he was a crack advertising salesman—training which took him into the insurance business first as publicity chief for Manufacturers Life.

To leave himself time for his university studies, he developed a singularly ingenious scheme for getting his newspaper written and getting new subscribers. Instead of paying his reporters in the various colleges $5 per column, Mitchell paid them two cents a column for every subscription they had taken. The scheme worked like a charm. When he graduated Mitchell sold his newspaper rights for a nice profit.

General Managers

S. C. McEvenue becomes a new general manager. He has been general superintendent. To thousands of Canadians he is better known as "Sinc," the rugby star of the McGill University team and later the coach which put that team through the Dominion championships. He is a graduate mining engineer, mucked in the Porcupine camp as a student, and went through the Hollinger fire. Now he says he is just "a family man," with five children, oldest 15, three boys, two girls.



S. C. McEVENUE
General Manager

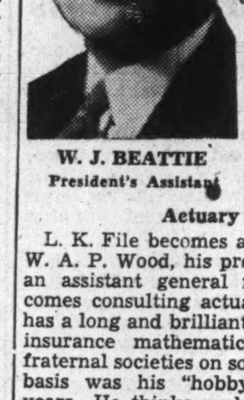
Not long ago the writer heard somebody saying that, with war looming, the economic system in the dumps and society in turmoil, this was a cruel world for children.

"The chances for a young man today are better than they were 50 years ago," Mr. McEvenue declares. "Especially in Canada. There have been wars and depressions before. But things go on. Canada is so young and so rich! Things are just starting in this country.

"People are afraid of the future just because they don't remember the past. They remember only the pleasant things. The unpleasant things slip out of the mind. In the past there were just as many things to worry about as there are now."

Assistant to President

W. J. Beattie becomes assistant to the president. He is the legal man of the high executive group and a lawyer who has never hung out a shingle. After graduation from Osgoode Hall, he went into the law office of McCarthy and McCarthy and since that time has almost continually been the legal work-horse for Canada Life.



W. J. BEATTIE
President's Assistant

Actuary

L. K. File becomes actuary, while W. A. P. Wood, his predecessor and an assistant general manager, becomes consulting actuary. Mr. File has a long and brilliant record as an insurance mathematician. Putting fraternal societies on sound actuarial basis was his "hobby" for many years. He thinks probably gardening gives him most pleasure, that is, very definitely, next to his job. He also thinks he would like to have a few acres in the country, not far from his office, where he could live and garden.

"Of course, I don't know whether my wife and daughters (three of them) would agree," he confided, "but I think they are coming around to it."

L. K. FILE
Actuary

He is quiet and reserved. It tells a lot about a man, though, when you find his associates time and again saying, "Ask File." He is definitely "salt-of-the-earth" type.

General Manager

William Hastie now becomes a general manager. Since 1933 he has been assistant general manager and treasurer. Both he and Mr. McEvenue enjoy enormous personal popularity with their associates and staff. A quiet Scot who can make an extraordinarily good speech when required Mr. Hastie started business with a shipping firm in Glasgow, and later went to the Canadian prairies with the Canadian Bank of Commerce.

WILLIAM HASTIE
General Manager

After 20 years of banking, he arrived in insurance via the investment route. In 1928 he went to head office as assistant treasurer. Not a little of the credit for the seaworthiness of Canada Life investment portfolios during the boom and collapse is being given to "Bill" Hastie.

Treasurer

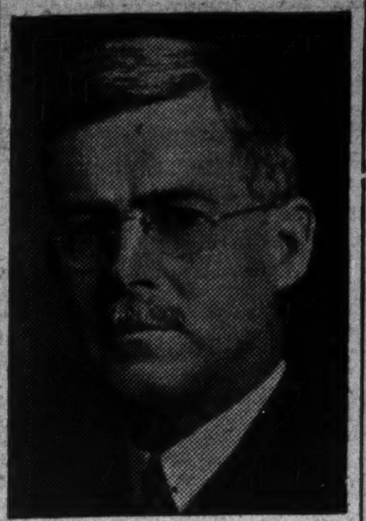
E. C. Gill moves up to be new treasurer, responsible for the safe keeping of $250 millions of policyholders' money. He is 35 years of age, but says there are other men of his years with posts just as important. Since 1930 he has been assistant treasurer and makes no bones about finding his job exciting. Day after day, his work is to keep an eye on the security markets of Canada, United States and Great Britain; deciding whether to sell or buy; sizing up trends; seizing on every scrap of political and business news, evaluating it and deciding how to use it for the best interest of Canada Life policyholders.

E. C. GILL
Treasurer

Superintendent

R. J. Trenouth becomes associated with R. G. McDonald as superintendent. He is an honor graduate of Carnegie Institute in applied psychology and finds ample scope for his training in his job as a director of insurance selling. Dark, approaching the rotund, and early middle life, he is perhaps the most ardent fisherman in the whole organization and one of the most popular. He was originally a banker, then went into insurance selling as the first representative on the staff of the Toronto City branch in 1918. Since then he has been manager at Windsor, western supervisor and assistant supervisor.

R. J. TRENOUTH
Associate Superintendent



A. N. MITCHELL
New Canada Life President

New Agent's Agreement For Metropolitan Life

A new form of agent's agreement, embodying a revised method of compensation for weekly and monthly premium debit business has been offered by the Metropolitan Life Insurance Co. to its 21,000 agents in the United States and Canada, Leroy A. Lincoln, president of the company, announced this week.

An agent may either continue under his existing contract or accept the new agreement, with Aug. 22 as the final date for decision.

Under the new agreement, the agent's compensation for weekly and monthly premium debit business is made up of three factors—first-year commissions, collection commissions, and conservation commissions.

First-year commissions are based on the net amount of the agent's premiums on first-year business, less first-year lapses. Different rates of commission are paid on endowment policies requiring premiums for 30 years or less than on other kinds of policies.

Collection commissions are based on the amount of premiums collected by the agent.

The conservation commission is based on the ratio of the agent's renewal lapse rate to the company's renewal lapse rate for corresponding quarterly periods.

Standard Insurance Form Provided for School Buses

After several months discussion, the Association of Life Insurance Superintendents has provided a standard insurance form for school buses operating in Ontario.

Until a short time ago, school buses were not interpreted as coming under the provisions of the Public Vehicles Act of that province.

Now it has been decided that school buses should be subject to that Act and a suitable insurance coverage is hereafter required. Insurance on such vehicles is to have $5,000-$10,000 public liability and $1,000 property damage. For private passenger cars used for school purposes only (8 passengers or less) there shall be $5,000-$15,000 passenger hazard coverage. For school buses requirements shall be the same as set forth in the Public Vehicles Act of Ontario.

Insurance Notes

Significant legal decision was recently delivered by a Montreal court. The first judgment of its kind in the Province of Quebec.

A judge of the Superior Court ruled that an insurance company is responsible under its policy on a truck for damages caused by a truck driver even though he was illegally driving the machine without a proper license.

The action was taken by J. G. Stewart against Chick-A-Dee Limited, owners of a truck which collided with his automobile. Damages, the court decided, amounted to $103.

The insurance company concerned refused to pay the claim on the ground that the policy was invalidated by the illegal act of the truck driver in not having proper license.

The court held that the insurance company must pay the amount of the damages, for even though the truck driver had committed an illegal act, it was not that act which brought about the accident.

The only previous Canadian judgment on the point came from the Province of British Columbia.

* * *

Group sickness and accident insurance for men and women teachers of the Ottawa Public School Board is being considered, we understand. The board is not paying a cent toward the scheme, it is reported, but will assist only in deducting premiums regularly from the teachers' salaries.

* * *

Winner of the president's trophy in the sales drive conducted from coast to coast by the Monarch Life Assurance Co. during May was W. H. East.

* * *

G. M. Rideout has just been appointed manager for the Sudbury district of London Life's Sudbury branch. Mr. Rideout has served the company in Saint John and Hamilton. He succeeds F. W. Hewitson, who has been transferred to St. Catharines.

* * *

Difficulties face the pension fund of the British Columbia School Teachers Federation. The cause is probably the strain which the younger generation is making on teachers' nerves. Too many young teachers, it is found, are being forced to retire on pension because of ill health. According to a report made by the Fund, of the 261 pensions granted between 1921 and 1938, 73 were under the disability clause. For almost any pension fund to carry 10% under a disability provision for early retirement would be unusual, the report says, but the Teachers Pension Fund is carrying almost 28% of retirements as disabled cases.

Willingdon Joins London Bank of Montreal Board

From Our Own Correspondent

MONTREAL. — Announcement is made by the Bank of Montreal of the appointment of the Marquess of Willingdon, Governor General of Canada from 1926 to 1931 and until his retirement a short time ago, Viceroy of India, as chairman of the London Advisory Committee of the bank, in succession to the late Duke of Devonshire.

Weekly Statement Bank of Canada

Bank of Canada holdings of U. S. dollars and sterling have begun what is likely to be a lengthy decline, according to the weekly bank statement to June 29. As outlined in The Financial Post, it appears that there were extensive commitments to be made abroad at the end of June and to this end currency holdings were more than doubled over a few months.

For the week to June 29, these reserves have been reduced $14.7 millions to $31.4 millions and further reductions can be expected. There is little difference in bond portfolios

Balance Sheet

Liabilities	June 29 1938 $	June 22 1938 $
Capital paid-up	10,100,000	10,100,000
Notes in circ.	153,995,061	153,813,424
Rest fund	1,348,414	1,348,414
Depos.: Dominion	20,693,783	40,654,671
Banks	194,766,310	192,778,800
Other	1,598,146	1,958,032
Total deposits	217,058,239	235,391,503
All other liabs.	2,481,624	2,942,545
Total liabs.	384,983,338	403,595,886
Assets		
Reserve: Gold	181,662,933	181,764,944
Res. in sterling and U. S.	31,359,512	46,054,982
Other curr.	1,228	1,331
Total reserve	213,023,673	227,821,257
Subsidiary coin	371,368	351,303
Investments:		
Dom. govt. short	113,724,522	112,982,581
Other Dom. govt.	52,086,095	51,908,333
Other secs.	1,013,625	5,056,924
Total invest.	166,824,242	169,947,838
Premises	1,634,080	1,627,990
All other assets	3,129,974	3,847,498
	384,983,338	403,595,886
Reserve ratio	57.41%	58.53%

Weekly Bank Clearings

	June 30 1938 $	Change Year ago %	June 23 1938 $
Halifax	2,249,786	+10.6	2,394,863
Saint John	1,639,671	+11.0	1,716,433
Moncton	921,806	+4.3	816,837
Sherbrooke	647,057	—3.2	751,142
Quebec	3,660,089	—7.6	4,977,982
Montreal	119,251,547	+31.4	96,982,880
Ottawa	14,825,174	+12.2	16,254,723
Kingston	507,438	+30.9	565,471
Peterborough	588,496	+13.2	585,357
Toronto	119,189,440	+32.1	111,091,578
Hamilton	4,983,164	+8.1	5,273,469
Kitchener	964,433	+17.2	1,095,995
Chatham	490,686	—1.7	562,438
Kingston	507,438	+30.9	565,471
Windsor	2,568,331	—0.9	2,874,470
Brantford	898,499	+17.7	995,113
London	2,813,796	+47.1	3,624,039
Sarnia	411,523	+27.6	584,266
Sudbury	1,128,668	+33.4	933,160
Fort William	608,788	—2.7	801,607
Winnipeg	24,028,388	—23.8	23,263,862
Brandon	339,242	+33.1	316,100
Regina	2,641,079	—14.2	2,714,802
Prince Albert	263,994	+0.6	295,963
Edmonton	3,630,151	—13.9	3,859,115
Moose Jaw	414,119	+0.3	456,316
Saskatoon	1,080,480	+7.9	1,090,877
Calgary	4,860,041	+2.3	5,043,932
Medicine Hat	182,210	+0.7	193,428
Lethbridge	372,322	+7.7	395,476
N. W'minster	656,981	+4.2	869,695
Vancouver	16,152,037	+1.4	15,947,430
Victoria	1,666,282	+18.1	1,786,493

Staff Changes

The Royal Bank of Canada announces the following staff changes:

H. YOUNGS, appointed manager at Lion's Head, Ont.

L. A. BENSON, appointed accountant at Vancouver, B.C.

E. NIELSEN, manager at Craik, Sask., died June 15.

T. D. HOLLOWAY appointed manager at Maryfield, Sask.

G. A. HOLTBY, formerly assistant manager, Winnipeg, goes to Minnedosa, Man., as manager.

W. E. SCOTT, formerly accountant, North Bay, goes to Stoney Creek, Ont., as manager.

J. G. W. LEE, formerly accountant, Burk's Falls, goes to North Bay, Ont., as accountant.

G. T. HARDING, Maryfield, Sask., retiring on pension.

J. V. HARRISON, Minnedosa, Man., retiring on pension.

H. G. PARROTT, Stoney Creek, Ont., retiring on pension.

Banking

Level of Bank Loans Maintained During May

Only Slight Seasonal Decrease Shown — Municipal Tax Collections Affect Business Lending— Call Loans Show Steady Rise

Bank loans showed a slight decrease during May, according to the monthly return of Canada's chartered banks to the Minister of Finance. The general business index for May was a point or so better than the preceding month, but a minor easing of bank loans in this month is not uncommon, and the performance may be taken as encouraging.

Loans to business are down about half a million, but the main decline in this item results from municipal business. Generally speaking, April and May bring in substantial sums of tax money allowing repayment of loans which have been tiding over local administrations.

For the first time in almost a year Canadian call loans have shown strong gains. In May of last year call loans amounted to $117 millions. In April of this year they were at $63.9 millions. In May they reached $65.7 millions, reflecting revived market activity.

Credit Index Higher

The Financial Post credit index based on the ratio of call and current loans in Canada to Canadian public deposits moved higher for May by 0.4% to 36.3%.

Comparative figures on the major factors affecting the Canadian credit situation are as follows:

Use of Bank Credit in Canada
(In millions of dollars)

	May, 1938	April, 1938	Change	May, 1937	Change
Loans	965.3	970.0	—4.7	969.3	—4.0
Investments	1,449.4	1,455.9	—6.5	1,438.0	+11.4
Total	2,414.7	2,425.9	—11.2	2,407.3	+7.4
Deposits	2,295.4	2,317.6	—22.2	2,273.0	+22.4

C——COPY NEXT—— ——

Summer buying accounts for a large part of the $6.5 millions decline in public deposits. Demand deposits were off $17 millions, savings $5 millions. It is significant, however, that compared with May last year deposits are $22.4 millions higher.

Decline in loans was not as great as the decline in deposits, hence there was a $6.5 millions contraction in investments during May. Short-term holdings are down $13.2 millions, long terms higher by $6.2 millions.

Bank cash is about $1 million lower. International bank balance is lower by $9.4 millions. Liabilities to the Dominion Government are up $14 millions.

Consolidated report with comparative figures follow:

ASSETS

Immediately Available Liquid Assets	May, 1938 $	April, 1938 $	Change $	May, 1937 $	Change $
Canadian coin	5,452,012	5,201,421	+250,591	5,168,825	+283,187
Bk. of Can. notes	52,185,613	46,905,579	+5,280,034	43,685,170	+8,500,443
Bk. of Can. depos.	189,130,979	195,729,138	—6,598,159	190,604,549	—1,473,570
Bank's cash	246,768,604	247,836,138	—1,067,534	239,458,544	+7,310,060
Other bank notes	6,416,259	5,392,803	+1,023,456	7,563,240	—1,146,981
Gold & sub. coin abd.	4,747,348	4,483,038	+264,310	4,826,939	—79,651
Foreign banks	126,681,709	125,477,214	+1,204,495	111,976,732	+14,704,977
Foreign curr.	24,950,867	22,830,561	+2,120,306	20,180,229	+4,770,638
Gov. sec. short term	447,541,195	460,769,306	—13,228,111	488,768,313	—41,227,118
Do., long term	700,487,661	694,281,025	+6,206,636	643,227,634	+57,260,027
Call loans abroad	57,891,739	50,088,047	+7,803,692	76,979,435	—19,087,696
	1,615,485,382	1,611,158,132	+4,327,250	1,592,981,126	+22,504,256
Loans and Securities Other Than Those of Canadian Government					
Municipal secs.	114,951,278	114,136,897	+814,381	117,553,207	—2,601,929
Public secs.‡	62,517,886	63,410,620	—892,734	64,824,076	—2,306,190
Other secs.	123,899,962	123,337,745	+562,217	123,612,910	+287,052
Can. call loans	65,706,387	63,870,416	+1,835,971	116,950,529	—51,244,142
Current loans	769,128,651	769,729,815	—601,164	727,880,132	+41,248,519
Loans abroad	162,344,283	160,361,070	+1,983,213	160,544,766	+1,799,517
Prov. loans	17,762,073	15,899,428	+1,862,645	15,649,880	+2,112,193
Mun. loans	112,724,402	120,474,561	—7,750,159	108,864,005	+3,860,397
	1,429,034,922	1,431,220,552	—2,185,630	1,435,879,505	—6,844,583
Other Assets					
Non-curr. loans	10,035,596	10,041,038	—5,442	12,182,634	—2,147,038
Real estate	8,374,535	8,426,704	—52,169	8,649,331	—274,796
Mortgages	4,420,457	4,448,280	—27,823	4,230,696	+189,761
Premises	73,617,862	73,326,856	+291,006	74,786,567	—1,168,705
Letters of credit	57,958,042	56,927,610	+1,030,432	73,889,086	—15,931,044
Loans to comp.	11,472,624	11,357,022	+115,602	11,408,599	+64,025
Other assets	2,215,305	2,114,243	+101,062	2,137,583	+77,722
	168,094,421	166,641,753	+1,452,668	187,284,496	—19,190,075
Total	3,212,614,725	3,209,020,437	+3,594,288	3,216,145,127	—3,530,402
Note circ. dep.	6,001,420	5,997,938	+3,482	7,061,990	—1,060,570
Int. bank bal.	112,906,721	122,301,740	—9,395,019	111,021,278	+1,885,443
Gross	3,331,522,866	3,337,320,115	—5,797,249	3,334,228,395	—2,705,529
LIABILITIES					
To the Public					
Circulation	97,298,721	100,363,220	—3,064,499	110,177,504	—12,878,783
Dom. Govt.	59,006,072	44,395,235	+14,610,837	53,563,584	+5,442,488
Prov. Govt.	48,105,702	51,564,135	—3,458,433	45,455,485	+2,650,217
Deposits by Public					
Demand dep.	669,938,337	687,101,740	—17,163,403	699,566,400	—29,628,063
Savings dep.	1,625,497,864	1,630,544,534	—5,046,670	1,573,466,165	+52,031,699
Total	2,295,436,201	2,317,646,274	—22,210,073	2,273,032,565	+22,403,636
Foreign dep.	404,306,127	397,716,805	+6,589,322	420,124,173	—15,818,046
Due to Banks Abroad, Etc.					
United Kingdom	11,165,714	12,270,310	—1,104,596	15,437,036	—4,271,322
Foreign	44,039,547	41,899,014	+2,140,533	35,050,042	+8,989,505
Bills payable	235,012	285,049	—50,037	545,744	—310,732
Letters of credit	57,958,042	56,927,610	+1,030,432	73,889,086	—15,931,044
Other liabs.	2,883,891	3,828,537	—944,646	2,786,029	+97,862
Total public liabs.	3,020,435,029	3,026,896,189	—6,461,160	3,030,061,248	—9,626,219
Due bet. banks	17,793,793	18,285,737	—491,944	11,665,189	+6,128,604
Liability to Shareholders					
Dividends	2,364,170	2,357,649	+6,521	2,949,208	—585,038
Reserve	133,750,000	133,750,000	....	133,750,000	....
Capital	145,500,000	145,500,000	....	145,500,000	....
Gross	3,319,842,992	3,326,789,575	—6,946,583	3,323,925,645	—4,082,653
Credit index*	36.3%	35.9%	+0.4%	37.1%	—0.8%

‡Other than Canadian.
*Ratio of current and call loans in Canada to demand and savings deposits in Canada.

EXTREME heat is a real danger, if you expose yourself too long to the direct rays of the sun or if you are overactive in warm weather. Those with high blood pressure, heart or kidney trouble are in greater danger than those in sound health. Persons who work in foundries, engine rooms or other places where the temperature is excessive should be especially on guard against heat prostration.

Collapse usually comes suddenly and takes one of two forms—either heatstroke or heat exhaustion. They are radically different from each other in the effect upon the sufferer and in the immediate treatment needed.

In heatstroke the face is red or purple, skin dry and hot, temperature high; the patient is usually unconscious. In heat exhaustion, much the opposite effect is noticed. The face is pale, the skin moist and cold, temperature low; the stricken person is usually conscious. In either case call a doctor immediately. Pending his arrival, do what you can to help the patient. Always remember that the *hot* body should be *cooled* and the *cold* body *warmed*.

Heatstroke treatment—Lay patient on back in a shady place. Remove as much clothing as possible. Reduce temperature by sponging body with cold water. Apply ice bag or cold cloths (iced if possible) to head. Give no stimulants; but after the patient becomes conscious let him have all the cool water he will drink.

Heat Exhaustion treatment—Lay patient in reclining position. Loosen clothing. Keep warm with hot-water bottles, blankets, or other means. Give stimulants; tea, coffee, or aromatic spirits of ammonia (1 teaspoonful in ½ glass water).

Should a hot spell come, wear light, porous clothing. Avoid unnecessary exposure to sun or excessive heat, indoors or outdoors. Keep your head covered when in the scorching sun. Drink adequate amounts of cool water. Use a liberal amount of salt with food to replace the salt lost through perspiration. Observe healthful living habits—sufficient sleep, frequent baths, well-selected and usually light foods. Send for the Metropolitan leaflet "Heat Exhaustion and Sunstroke." Address Booklet Department 7-F-38 Canadian Head Office, Ottawa.

METROPOLITAN LIFE INSURANCE COMPANY
NEW YORK

FREDERICK H. ECKER, Chairman of the Board — LEROY A. LINCOLN, President

CANADIAN HEAD OFFICE—OTTAWA

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Dosco

We hold some of the Sterling debentures of Dominion Steel and Coal and would like to know if the business of the company is holding up. Also can you tell us if the holder has the option of taking debenture interest in Sterling or Canadian funds.

Current reports are that Dominion Steel & Coal Corp.'s operations are at or near effective capacity. The steel mill at Sydney is busily engaged on domestic and export business. Coal operations are running somewhat ahead of last year. Other departments are faring well and the outlook for the year is that earnings will be as high if not higher than they were in 1937.

The current quotation on Dosco's income bonds cover both the Sterling and Canadian issue. We might point out, however, that holders have no option as to the currency in which they are paid, but holders of Sterling bonds are given the right to exchange them for bonds of the same issue payable in Canadian currency.

Page-Hersey Tubes

I understand that operations of Page-Hersey Tubes were considerably improved in 1937. In your opinion is the better showing likely to extend to the current year?

Page-Hersey Tubes Ltd. reported net earnings for 1937 equivalent to $5.93 a share. This represented an increase in net profits over 1936 of $391,579. The regular dividend rate was raised to $4 a share from $3 a share and a bonus of 25 cents paid as well.

Notwithstanding greatly increased cost of raw materials and higher wages during 1937 a substantial improvement in profits was experienced by the company.

Unsettled business conditions did not prevent the company from obtaining more business in the first quarter of 1938 than anticipated earlier. Volume is still less than it should be if steady operation of the company's plant is to be assured.

Asbestos Corp.

Kindly let us have your opinion on the outlook for the sales and earnings of Asbestos Corp.

We understand that sales and earnings of Asbestos Corp. for the year to date are on a basis comparing satisfactorily with that for the same period in 1937. It is rather difficult to say how the year will shape up for the company, as practically all of its business is export. The demand from other countries has been slowing up of late, due to business decession and the lack of confidence over the future. However, the general prospects are considered encouraging and expectations are that the company will show good earnings on the common stock.

Imperial Oil

I am interested in ascertaining the chief sources of revenue of Imperial Oil and their contributions to the company's profits. I understand that the company pays more out in dividends than it has been earning in recent years. Can it continue this policy?

Imperial Oil is the largest organization in the Canadian petroleum industry. The company has important interests in the production of crude oil in the new Turner Valley field of Alberta as well as through its control of International Petroleum Co., operating in South America. This direct access to its own crude oil sources would be of particular importance in the event of rise in general commodity prices.

In 1937, the company's net profit was equivalent to 98 cents a share on its common compared with 95 cents a share in 1936. Canadian refining and marketing operations accounted for 13 cents a share against 11 cents in 1936. By far the greater proportion of its income comes from dividends of subsidiary companies, of which International Petroleum and Royalite are the chief sources. These subsidiaries, in turn, are currently paying out considerably more in dividends than their net profits cover.

Dividends paid by Imperial Oil in 1937 totalled $1.25 a share, or $7¼ millions more than net profits. This policy of paying out more in dividends than the company earned has been continued for over three years now, resulting in a total reduction in earned surplus of $23.8 millions, but the company still has $58.6 millions in this account. Working capital is also exceptionally strong, amounting to $64.2 millions at the end of 1937.

Ability to continue payments of dividends in excess of earnings is closely allied with the company's depreciation policy which has resulted in writing down its fixed assets by about two-thirds of their balance sheet values. In view of the substantial depreciation reserves which have already been established, it might be regarded as part of the company's policy to pay out a portion of the annual depreciation charge each year to shareholders. In one sense, this would be a return of capital.

The high yield currently obtainable on the company's stock seems to indicate some doubt in the minds of many investors as to a continuation of its present dividend policy, but so far we have been unable to obtain any suggestions that it will not continue for some time to come.

Nova Scotia Steel

Will you please let me know the terms of the deal between Nova Scotia Steel and Coal and Dominion Steel and Coal Corp. and when the securities will be issued.

Dominion Steel and Coal Corp.'s proposal to the shareholders of Nova Scotia Steel and Coal has been approved by all interested parties, but the exchange of securities cannot take place until the court has given approval. This approval is expected to be given any day now.

Under the plan the holders of the 5% first mortgage bonds will receive for each $100 principal amount of bonds, $100 principal amount of new 25-year 3½% bonds, secured on the Newfoundland and Cape Breton properties of Nova Scotia Steel and one share of Dominion Steel and Coal class B stock. The new bonds will be exchangeable to April 1, 1940, at the rate of four shares of class B common of Dominion Steel and Coal Corp. for each $100 principal amount. Further interest and sinking fund on the new bonds are more or less guaranteed by Dosco, as the latter has undertaken to enter into an agreement with the company which will provide sufficient revenue to take care of both of these charges.

Brazilian Traction

I have been advised to purchase the ordinary stock of Brazilian Traction. What have the shares been earning and how do you regard its business prospects in the current year?

Net profits of Brazilian Traction, Light and Power Co. for 1937 were almost double those for 1936, being equivalent to $1.55 a share on the stock against 88 cents. Dividends paid in 1937 totalled $1 a share and in 1936, 70 cents. A 50-cent payment was made July 5, 1938.

After payment of dividends, $3.8 millions was added to earned surplus, as compared with $1.3 million in 1936.

Most services of the company continue to show an increase this year, although the gain is a little lower than last year. The present rate of exchange is lower than last year and has been a factor in causing a decrease of 1.73% in net earnings for the first five months of 1938.

Another factor which militates against the profitable operations of the company is the uncertain political outlook. While companies operating in Brazil have not been directly interfered with to date, they probably feel somewhat hesitant in making commitments for the future, and have been inclined to adopt a "wait and see" policy.

B. A. Oil

Have the earnings of B. A. Oil benefitted by operations of the U. S. subsidiary? Have final arrangements been made for the construction of a refinery in Calgary?

Report of British American Oil Co. for 1937 shows an increase in net profits from Canadian operations amounting to $3.4 millions or $1.30 a share on the common. This compares with $2.5 millions in 1936 when earnings per share from this source were 95 cents.

In 1936 British American Oil received dividends from British American Oil Producing Co. its U. S. subsidiary, totalling $1.2 million, the equivalent of 46 cents a share on the parent company's common stock. This year no revenues from U. S. operations are included in the income and surplus account, but $380,000 has been received since the end of 1937. This payment from U. S. operation, would be equivalent to 15 cents a share, and, would have brought earnings per share to $1.45 as compared with $1.41 in 1936 on the same basis. Total receipts from United States subsidiaries since the end of 1937 have been $980,000, but this includes $600,000 of advances repaid.

Dividend payments made in each year were $1 a share, rate established in April, 1937. The 1936 payments of $1 include an extra of 20 cents a share.

Construction of a refinery at Calgary, Alberta, has been approved by the city council. A plebiscite will be held on July 26 to confirm approval. The plant will have a distilling capacity of 4,500 bbls. of crude oil daily and a storage capacity of approximately 500,000 bbls. It will be ready for operation early in 1939.

Ford Motor

I am contemplating purchase of Ford Motor Co. stock. Would you please outline for me the company's current position, scope of activities and future prospects?

Ford Motor Company of Canada is one of the leading units in the Canadian automobile industry and has selling and manufacturing rights in all parts of the British Empire except Great Britain and Ireland. The company exported over one half of its production last year.

Earnings per share in 1937 were $2.27 against $2.02 in 1936, ample coverage of the annual dividend of $1 a share. Of the 1937 net profits, amounting to $3.8 millions, dividends received from subsidiary companies accounted for $3.4 millions. In spite of a substantially higher output of cars in 1937 the profits from Canadian operations were a good deal less than in 1936. The company's working capital is strong with cash and Dominion and Provincial Government bonds at $10.1 millions, more than sufficient to cover total current liabilities of $6.4 millions.

In the first three months of 1938 dollar volume of sales was maintained within 1% of 1936 basis. Outlook for the balance of the current year depends largely upon developments in other countries. In Canada prospects for larger crops and increased income in western Canada are better than they have been for some years past. These are expected to be reflected in general business conditions.

The company has completed an expansion and modernization plan which has involved expenditures of about $10 millions in the past four years, all of which has been provided from the company's own resources.

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C. U. A. CHAIRMAN

Adam McBride, Montreal, manager for Canada of the Great American Insurance Co. of N. Y., who has been elected vice-president and chairman of the fire Division of the Canadian Underwriters Association.

Canada Bread Sales Increase

Year Ended June 30 Shows Improvement in Unit and Dollar Value

Fiscal year of Canada Bread Co., ended June 30 has shown an increase in sales, both in unit and dollar value, C. H. Carlisle, president, states in a letter to shareholders.

Amount of bonds outstanding was decreased during the year and current dividends have been paid in full, in addition to 50 cents per share paid on dividend arrears on the class B preference shares. The company's financial position is "satisfactory" the letter states. Annual report will appear at the annual meeting within 30 days.

Net profit for the fiscal year ended June 30, 1937 amounted to $186,891, equivalent to $14.95 on the first preference shares, $3.30 on the class B preference, after taking the participating features of the stock into consideration, and 20 cents on the common stock, as compared with $13.06, $2.90 and 15 cents, respectively, in the 1936 fiscal year.

An operating profit of $472,479 was shown for the 1937 fiscal year, as against $456,290 in 1936.

Hunt's Limited Gives Option on Class A

Hunt's Limited, under an agreement dated June 25, 1938, has granted Frank P. Banting, Toronto, an option to purchase 2,500 class A shares at $7.50 a share by June 25, 1940, provided that at the time of exercising the option Mr. Banting is still an employee of the company. If the first option is exercised a further option has been granted for another 2,500 class A shares at $8 a share exercisable after June 25, 1940, and before Dec. 25, 1941, provided the optionee is still an employee of the company and not under notice of termination of employment.

Mr. Banting, who was formerly executive vice-president of R. H. Macy & Co., New York, was recently elected a director, vice-president and assistant general manager of Hunt's Ltd.

Gatineau Power Co. Calls in Debentures

From Our Own Correspondent

MONTREAL. — Gatineau Power Co. has called for redemption all its 6% sinking fund gold debentures due June 15, 1941, and 6% debentures series "B" due April 1, 1941. They will be redeemed at 101 and accrued interest on July 29.

This represents a further step in Gatineau Power's programme to replace the existing 6% debentures with a new issue of $3 millions of serial debentures bearing interest rates of 3% to 4½% and $10 millions of 5% sinking fund debentures. The latter mature on June 1, 1949.

Outlook Better For Westons

U. S. Subsidiaries and Bread Plants Show Improvement

Improvement in the operations of the American subsidiaries of George Weston Ltd. at Passaic, N.J., and Battle Creek, Mich., is expected to be reflected in higher earnings for the half-year ended June 30. The report will appear early in August.

Operations at the biscuit and candy plants of the company in Canada are approximately at the same level as last year. During 1937, two wage increases of 5% each were granted employees. Prices of commodities during the year have reached a low point and offset in some degree the higher wage costs.

During 1937 labor trouble of U. S. subsidiaries caused the closing of the plants for several weeks. The trouble was settled later, with the granting of a wage increase and operations in 1938 have proceeded satisfactorily.

Price Cuts Unlikely

The company's bread manufacturing subsidiaries are operating at a better level than in 1937. Price of flour is considerably lower than in the previous year. A bumper crop of wheat in the Canadian West might drive flour prices even lower, but from present indications it is held unlikely that the drop in flour price, if any, would be sufficient to warrant reduction in bread prices.

A net profit of $91,375 for the first three months ended Mar. 31, 1938, compares with $65,572 for a corresponding period in 1937. This statement takes into consideration the absorption of McCormick's Ltd., which was acquired as a wholly-owned subsidiary in 1937.

In 1937 net profit amounted to $503,612, including McCormick's Ltd., as compared with $506,111 in 1936, not including McCormick's Ltd.

Interest requirements on the bonds of McCormick's Ltd., which are guaranteed by George Weston Ltd., were earned 12.80 times before and 9.83 times after depreciation in 1937.

Canada Paving Paying Claims

Trustee Reports Remaining Assets Largely Real Estate

From the bankrupt estate of Canada Paving & Supply Corp., Windsor, the trustee, Guaranty Trust Co. of Canada, has paid total claims of $489,099 to date. These payments have gone $377,062 to secured claims on which a balance of $33,200 is still owing. Preferred creditors have received $37,954 in full settlement and ordinary creditors $112,037 in full settlement of claims totalling $496,996.

The Canadian Bank of Commerce, the secured creditor, has agreed to reductions in its interest claims from 6½% to 5½%.

Debentures of the new city of Windsor to the amount of $51,628, plus interest of $5,895, have been received in settlement of claims against the former municipality of East Windsor. Riverside still owes $42,922 but a refinancing plan has not yet been submitted to the town.

The steamer Aragon was sold last spring for $25,000 and has since been rebuilt by the purchaser at a cost of $17,000. A principal payment of $9,500 is due in December and the balance in 1939.

As at May 15, 1938, current assets of $39,022 were shown in the trustees' statement. Unrealized assets totalled $1,275,198 compared with $1,351,412 a year ago. Principal items are as follows:

Unrealized Assets As at May 15

	1938 $
Accts. rec., Riverside & sundry	43,922
Windsor 2% bonds	51,628
Other shares	4,076
Supplies & equip. at est. real avl.	5,500
River Sand Brick mach.	53,222
Land	733,060
Bldgs. & improvements	383,791
	1,275,198

Building Products Ltd. Pass Along 8% Savings

From Our Own Correspondent

MONTREAL.—Building Products Ltd. has passed along to the consumer the full 8% savings resulting from the Budget elimination of the sales tax on building materials.

Approximately 10% of the total cost of the home is represented in products produced by Building Products. Savings of from $25 to $35 on roofings, siding and insulation will result from the Budget change.

THE ONTARIO LOAN AND DEBENTURE CO.
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED — DEBENTURES ISSUED
Mortgage loans on owners' homes at low rates of interest
Capital (Fully Paid), $2,000,000 — Reserve Fund, $2,400,000

Unions Strongly Oppose Rail Unification Plans

Brotherhoods See No Reason Why Lines Should Not Continue Under Government Subsidies—Would Increase Track Mileage and Services

Unification as a solution for Canada's railway problem is opposed by the majority of Canadian railway workers.

The attitude of railway labor has always been an important factor in Canada's railway problem and assurances have been given by the sponsors of unification that the interests of labor would be protected. Apparently these assurances have failed.

Not only is unification, which has been proposed by Sir Edward Beatty, president of the Canadian Pacific Railway, opposed, but also compulsory co-operation as proposed by S. J. Hungerford, president of the Canadian National Railways. In fact, railway labor is opposed to any action that will reduce the opportunity of employment and purchasing power.

Compensation for railway employees who lose their jobs through any form of co-operative measures is sought. During recent years there has been no compensation to labor for displacement arising out of co-operative measures such as pooling of trains, but advantage was taken of the recent Senate investigation to demand that compensation be granted.

Representative Opinion

The attitude of the unions as expressed in submissions to the Senate Committee can be taken as representative of the position of railway employees generally. During 1937 the monthly average number of employees on both the C. P. R. and the C. N. R. was 125,300. It is estimated between 65 and 70% of these belong to unions.

G. M. Rountree in his book, "The Railway Worker," divides railway unions in Canada into three groups. The largest group comprises the international unions affiliated with the Trades and Labor Congress of Canada and the American Federation of Labor. The second group is also international in character and consists of the four brotherhoods of the running trades—that is, engineers, firemen, conductors and trainmen. The third group is formed by national unions consisting of the Canadian Brotherhood of Railway Employees affiliated with All-Canadian Congress of Labor, the Canadian Association of Railwaymen and the Canadian Federation of Labor.

In 1934 the unions belonging to the Trades and Congress group had a membership of 39,780, while the running trades had 20,343 members and the national unions 16,383. For the purpose of making a submission to the Senate Committee the Trades and Labor Congress and the Transportation Brotherhoods joined forces. Thus, their submission was made on behalf of 19 unions with an estimated membership of about 175,000.

C. F. L. Supports Unification

The only labor organization in Canada which supports unification is the Canadian Federation of Labor, with a reported rail strength of 3,000. Briefly, its attitude is that it would be to the advantage of railway workers to accept unification since the position of workers can only be made secure through an economically sound and rationalized railway industry.

Fear Employment Loss

The four Transportation Brotherhoods and the Canadian Brotherhood of Railway Employees oppose unification because they fear loss of employment. They are not willing to accept Sir Edward Beatty's assurance there will be no serious displacement of present railway employees. In fact, they take issue with him on this point and argue that a very substantial number of workers will be thrown out of employment.

Sir Edward, in appearing before the Senate Committee, stated the annual labor turnover on the C. P. R. to be about 5% and that about 20% of C. P. R. employees have only five years or less service. He estimated the labor saving under unification at 17% over a five-year period. Thus, assuming labor turnover on the C. N. R. to be relatively the same, the positions opened as a result of labor turnover would be 7,441 greater than the number closed through unification.

The railway unions admit there could be some shifting of employees from one job to another, but state the possibilities of such shifting without serious loss of efficiency are limited. Furthermore, they presented statistics to show there is not an annual turnover of 5% in some classifications.

Result of Depression

The railway workers feel that the plight of the railways is caused in part at least by the depression. They feel there would be no problem if the economic system was working properly and suggest Canada's objective should be to increase rather than curtail employment.

The Canadian Brotherhood of Railway Employees says the Government is as fully justified in subsidizing the railways in order that they may employ as many workers as possible, as in subsidizing manufacturing concerns through protective tariffs, or in providing public works programmes or relief projects.

Evidence is not lacking that the larger unions feel unification is a proposal designed solely for the benefit of security holders, or, more particularly, C. P. R. shareholders. The Transportation Brotherhoods and the Trades and Labor Congress in their joint submission state:

"In its true light, railway unification arises out of either a counsel of despair or a narrow regard for financial profit. It may be a short cut to higher returns on capital investment, but it is not the way to public welfare and national progress."

Transportation experts agree that Canada has too much railway mileage, but the Canadian Brotherhood states:

Increase Mileage

"Instead of tearing up railway tracks, abandoning communities and throwing railway workers out of employment, the railways of Canada should be encouraged to expand their mileage into sections of the country now inadequately served, and to improve their physical equipment and provide increased opportunities for employment."

Railway labor feels the question of regulation of competitive agencies of transportation such as motor vehicles and steamships should be tackled before railway labor is asked to make a sacrifice.

The Transportation Brotherhoods estimated these two competitive transportation agencies are costing the Canadian taxpayer $69 millions annually.

Higher Freight Rates

It is not often anyone is bold enough to suggest higher freight rates as a solution for Canada's railway problem, yet the Canadian Brotherhood believes this might be considered. Pointing out that freight rates in Canada are the lowest in the world, it states that the financial difficulties of the railways would be solved if rates were raised to the level charged in other countries, such as Argentine and Australia.

The view is expressed that the railways are blamed for a situation which is the result of public policy of giving subsidies to industry and agriculture in the form of low freight rates.

The Senate Committee is also asked to give consideration to the possibility of reducing the rate of interest on C. N. R. indebtedness as "this would place the burden on those who can bear it—the bondholders." Apparently, the Canadian Brotherhood of Railway Employees is not aware that the average rate of interest on C. N. R. debt has already been substantially reduced.

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ASSETS EXCEED $68,000,000

Corporation Securities

	Price	Approximate Yield to Maturity
Beauharnois Light, Heat and Power Co. 5% Second Mortgage Bonds Due January 1, 1978	85.00	5.92%
Canadian Pacific Railway Co. 4½% Collateral Trust Gold Bonds Due July 1, 1960	94.00	4.95%
Gatineau Power Company 5% Sinking Fund Debentures Due June 1, 1949 — Carrying warrants to purchase common stock at any time prior to December 31, 1942, at $10.00 per share, ratio 10 shares for each $1,000 bond.	99.50	5.05%
Gatineau Power Company 5% Cumulative Redeemable Preferred Stock	85.00	5.87%
General Steel Wares Limited 4½% First Mortgage Bonds Due April 15, 1952	96.00	4.90%
International Hydro-Electric System 6% Convertible Debentures Due April 1, 1944	75.00	11.95%
Windsor Gas Company Limited 5% First Mortgage Bonds Due November 1, 1966	101.00	4.93%

The above represent selections from our July Investment List. Complete information will be furnished upon request if you will kindly write, or telephone Waverley 3681.

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TRUE STORY No. 6
IN THE GOOD OLD SUMMER TIME

Mr. "F" and Mr. "G" are summer next-door neighbours. Both are prosperous, retired business men . . . but, while Mr. "G" enjoys his summers, Mr. "F" does not.

Harassed Mr. "F"

As sure as Mr. "F" plans a quiet two weeks at the Lake—as sure as he invites some friends up for a little fishing and a taste of country life—just as surely does some matter of business necessitate his immediate presence in the city. If it isn't one of the tenants wanting something (Mr. "F" owns a good deal of valuable real estate), then it's an unexpected development affecting his security holdings. He often sees Mr. "G" puttering about in his garden, or out in his boat fishing, and wonders how "G" manages to get so much leisure.

Lucky Mr. "G"

Mr. "G" usually arrives at the Lake early in June and stays until Labour Day, with only an occasional, casual trip to the city. His business interests, and his investment interests, are as great as those of Mr. "F"... but Mr. "G" long ago discovered the solution to all such problems. His secret is simply this—he makes use of The Royal Trust Company's Management Service. "I never have to worry", says Mr. "G". "As long as I can get to a telephone, or write a letter, to tell the Trust Company what I want—they do the rest!"

* * * * * *

In The Royal Trust Company's Management Service, more and more people are finding the ideal solution to the problem of how to care for investments and enjoy leisure, too. We look after your stocks, bonds and real estate, collect all income, advise you of developments affecting your interests and act as your financial secretary, all for a very moderate fee. Ask for details of our Management Service.

3806

THE ROYAL TRUST COMPANY

Bank of Canada Builds Treasure House in Modern Style

Triple Function of Structure Brings New Departure in Bank Architecture

Varied elements of construction planning have been skilfully fused in the new Bank of Canada headquarters building at Ottawa.

Function of the Bank of Canada as the nation's treasure house, a "bankers' bank" and the Government's banker, has no parallel in the Dominion. This feature has been taken into consideration in creation of the million dollar structure. Chief influences in designing a building to carry out these functions have been:

1. Classic Greek architecture and solidity of form to create the impression of dignity and stability.

2. Modern simplicity of design and minimum of decorative overlays. This may give new impetus to the growing opposition to ponderous, over-ripe features of bank premises of the past.

3. Adaptation of design to facilities and equipment needed to meet as efficiently as possible the variety of specialized problems of the bank's operations.

Beautification Plan

It was also necessary to keep in mind that the bank building, while not a direct product of the long-term beautification plan for central Ottawa and Government edifices, had to be harmonized in design and prospect as far as possible with this general scheme. Factors contributing to such harmony include the dignity of the design, the color and type of the exterior facing (Quebec silver granite), and the placement of the building.

The building is placed on an axis running through the middle of the 100-ft. clear space between the Confederation and Justice buildings, across Wellington Street from the main entrance of the bank. The main facade is set back from Wellington Street by a 13-ft. paved terrace. Space is provided at the sides for driveway, parking and shrubbery, while on Sparks St. the building is nearly 60 ft. from the street line.

The space on the Sparks St. side allows for extension of the present building, which is only three quarters of its contemplated size. The south elevation has been so constructed that the Sparks St. wall may be literally detached from the building and, through careful numbering of the granite blocks, re-erected as the facing of the new elevation.

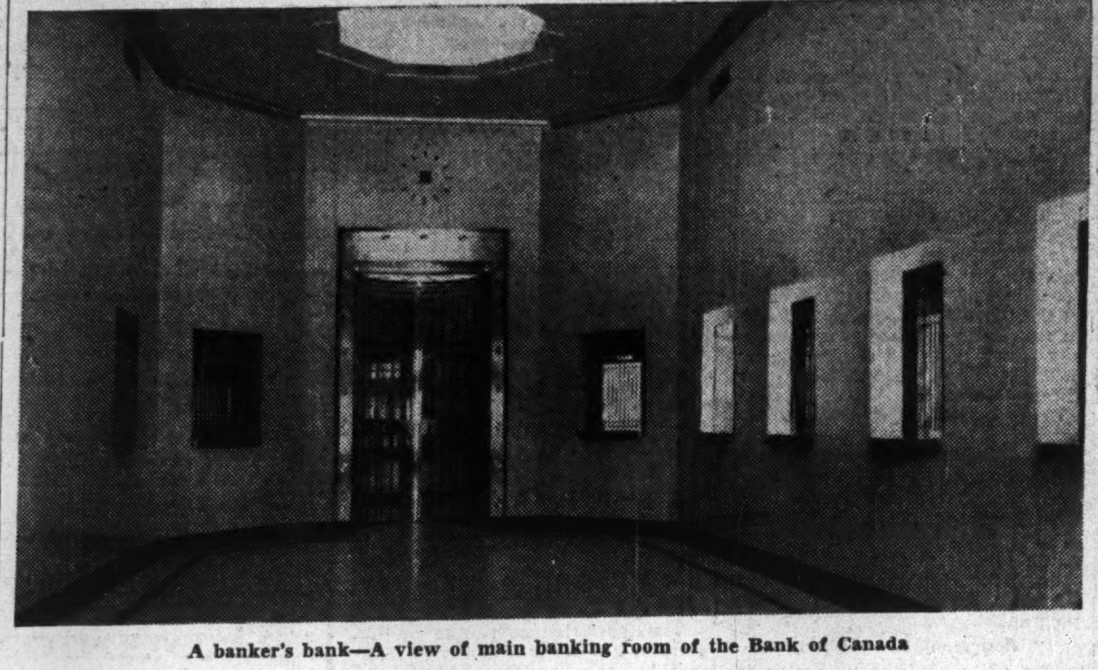
Substantial Construction

The new building is one of the most substantial in Canada. Its dimensions (104 by 124 ft. at base) are only slightly off the rectangular, and limitation of height to 5 stories (with machinery penthouse) enhances an aura of solidity. Below ground level are the basement and sub-basement, occupied chiefly by the ultra modern vaults and an incinerator for discarded bank notes.

Perhaps the most massive unit of the whole building, the air-conditioned vaults have been made as inaccessible to intruders as modern construction and scientific locking equipment allows, and are further equipped with the latest type of protective alarm systems.

The vaults enjoy additional protection from the fact that excavation for the basement, sub-basement and foundation of the building involved cutting through solid rock to a depth of 50 ft. They are as safe a repository as physically could be devised for the gold bullion, coin, notes, Government bonds and other securities held by the bank in performance of its functions.

Furthermore, conveyance of these valuable deposits in and out of the bank is specially protected, an enclosed truck-loading court having been built into the ground floor.



A banker's bank—A view of main banking room of the Bank of Canada

Access to and from the street is only through an electrically-controlled guard door of heavy metal, kept closed during loading or unloading operations.

Use of Marble

Steel beams form the framework for reinforced concrete underflooring, for the substantial walls with their brick core and granite facing, for the marble which is used for both exterior and interior finish. The parts of the building where marble has been used and the types employed, are as follows:

Spandrels under windows, all facades—Vermont Verde antique marble.

Main lobby (executive foyer) Wellington St. side—walls and seats, rose Tavernelle French marble; columns and base, serpentine green Italian; trim for travertine stone floor, Belgium black marble.

Banking room, Sparks St. side—walls and lower part cheque desk, light Botticino Italian marble; base of walls and top of cheque desk, counters at wickets and frame of wickets, Breche Portora Italian.

Staff elevator lobby, ground floor, Sparks St. side—walls of light Botticino Italian marble; base, and pattern in travertine floor, Breche Portora Italian.

Elevator lobbies, basement and sub-basement, second floor, third floor south—base of Silvertone black Canadian marble.

Third floor north, lobby serving board room, and fourth and fifth floor lobbies—base of light pink Tennessee marble.

Washrooms throughout building, base and trim of Silvertone black marble; partitions, etc., Missisqua marble.

Board room and ante-room, executive reception room, ante-room and waiting room, base of Breche Portora Italian marble.

Offices of governor and deputy-governor, trim for mantelpieces and open fireplaces, Loredo Chiaro Italian marble.

Offices of asst. deputy-governor and secretary of bank, base of light rose Tavernelle French marble.

Sound and Weatherproof

The soundproof and weatherproof qualities of the building include cork insulation which forms the inner lining of exterior walls, roof slab, and other exposed surfaces; and double glazing of all windows. Acoustic boards and plasters have been used in the board room, executive offices, and noise-creating work rooms such as the stenographic pools, addressograph room and print shop.

These features also increase efficiency of the air-conditioning system which serves the entire building. The air-conditioning of the vaults permits considerable work to be carried on inside the vault doors. Otherwise, material would have to be daily moved to and fro between the vaults and other work rooms.

A minimum of ornamentation leaves exterior decoration dependent largely on the antique-finish, cast green bronze doors of the Wellington St. and Sparks St. entrances, and the sculptured figures in the same material on the marble spandrels of the main facade Designed and executed by Jacobine Jones, Toronto sculptress, the figures represent Canada's seven major industries—agriculture, forest products, mining, fisheries, electric power, manufacturing, construction.

The Wellington St. doors carry reproductions three feet in diameter of six famous Greek coins of historical significance. The Greek influence is seen also in the huge granite urns or amphorae at each end of the main entrance terrace, symbolic of storage of wealth. In ancient times, amphorae in a wide variety of sizes were used for storage of almost anything of value, from grain and oil to jewellery and coins.

No Public Banking

Any necessity for a large or imposing entrance treatment on either the Wellington St. or Sparks St. side was eliminated by the nature of the institution. As a national central bank, the Bank of Canada has no transactions with the general public and has no occasion to accommodate or impress any large number of people coming and going through the doors of its premises.

The main entrance off Wellington St. is designed for executives and those doing business with them, the Sparks St. door being reserved for members of the operating staff and those requiring to make contact with them. Similarly there is no direct connection between the general banking room on the Sparks St. side and the executive lobby off Wellington St.

Guarding Deposits

This separation not only aids the convenience of the two groups, but simplifies the problem of guarding the storage and movement of valuable deposits, and of keeping tab on persons moving through the bank building. Pairs of curved Monel metal grille doors forming semi-circular barriers, shut off floor lobbies from elevator enclosures or operating departments in the working wing of the building, and other grilled doors bar access to specific departments where necessary. All such doors are kept closed at all times, are guarded by R.C.M.P. officers, and are opened only to pass through properly accredited persons.

An ingenious arrangement permits the free passage through the building of gold, currency or securities, without interfering with traffic of persons coming and going about their business When such operations are in progress, a sliding metal gate is pulled out from between the two elevators in the working wing, and locked against one half of the curved grille doors. This blocks off passage to one elevator of currency from the truck court or securities from the banking room, while permitting free passage through the other half of the curved grille to or from the second elevator.

Interior Fitting

Generally speaking, interior fitting and decoration carries out the light color and simple design of the building as a whole. Doors are of various woods and window frames are mostly of Ontario white pine. Linoleum, asphalt tile, terrazzo and travertine have been used for flooring in accordance with the varying purposes of different rooms.

Indirect diffused lighting has been installed with discretion, chiefly in the ante-room of the board room suite, in the main banking room, and in the executive ante-room and waiting room. For the main entrance lobby and rooms on the executive floor, special lighting fixtures of cast green antique bronze were designed by L. G. Morris, of Montreal, with a Greek motif harmonizing with the classical basis of the building design. Special designs such as those of the lighting fixtures were carried out under supervision of the associated architects of the building, Marani, Lawson & Morris, of Toronto, and S. G. Davenport, of Montreal.

General contractor for the project was Pigott Construction Co., of Hamilton, Ont., while materials and equipment were obtained where practicable from Ottawa firms. Subcontracts were also given to concerns in Toronto, Montreal, Preston, Woodstock, Ville LaSalle (Que.) Oshawa. Special units of Monel metal, ornamental bronze, and the bronze main entrance doors came from Long Island City, N.Y.

Construction World

Building Helps Traffic

Plan for construction of The T. Eaton Co. Western Ltd. new store in Edmonton will result in marked improvement of the appearance and traffic-handling facilities of the downtown area, in a manner closely resembling that which was followed when Eaton's built its new College St. store in Toronto a few years ago.

The new Edmonton store, estimated to cost $800,000, will be erected on a site diagonally across from the present store of the company at 102nd Ave. and 101st Street. Nine buildings on the new site will be demolished, and the city will buy a strip of land from Eaton's and sell another tract to abutting property owners. This will pave the way for straightening of a long-troublesome jog at the intersection. The width of the avenue will be increased to allow for future traffic expansion.

Another jog a block farther west will also be eliminated through exchange of a triangle of Eaton property in return for closing of a lane running through the site. The company will keep its new building line back to conform to the realigned layout of streets.

* * *

British Housing Pushed

While there has been some slackening of the privately financed building boom in England, the Government-subsidized campaign of local authorities for slum clearance and rehousing continues with no noticeable abatement.

Recent reports from London indicate that 70,000 new dwelling units, mostly for low rental by small wage-earners, will be built by local authorities this year. And provision has already been made in the new housing measure for construction of an additional 360,000 units during the next five to six years.

An interesting programme of house building, apparently for rental-purchase and owner-occupancy, is being carried out in Bristol by private building interests. If and when carried to completion, the $11.5 millions plan calls for erection of nearly 5,000 dwellings ranging in unit cost from $1,800 to $2,250, with three bedrooms to every house and choice of brick or stucco exteriors.

* * *

Raising House Values

Factors bearing on long-term values of residential structures and determining economic justification for repairs and modernization work, were given authoritative analysis at the recent regional conference in Salt Lake City of the National Association of Real Estate Boards.

Warning that ostensibly valuable factors in relation to dwelling properties might often turn out to be detriments, and that there was an economic ceiling to justifiable spending on repairs and modernization, was given the conference by George I. Noyes, of San Francisco, regional appraiser for Home Owners Loan Corp. Increased utility and sale value always justified improvement work, he said, but outlay would be unwise where the increased value of the improved unit was above that of similar units offered in competition. Average family income and neighborhood purchasing power were also factors which should curb expenditure of this type.

Mr. Noyes laid down this formula for judging value of renovation programmes:

"Changes having a tendency to make the house suitable for a higher type occupancy, be they structural changes, modernization, changes in floor plan, removal of partitions, installation of modern plumbing and heating equipment, or similar work, in most instances will cause an increment in value in excess of cost."

Alexander Bldg. Cuts Down Loss

Current Position Sounder With Building Completely Rented

From Our Own Correspondent

MONTREAL. — Alexander Building Corp. statement for the fiscal year ended April 30 shows a net loss of $79,179 after bond interest, depreciation, property taxes, etc. This compares with a loss after similar charges in the previous fiscal year of $80,363.

In his report to shareholders, J. S. Aird, president, stated that, although interest on bonds was charged at the full amount of 6% per annum, only 3½% was actually paid. Full provision for bad or doubtful accounts was made and building and equipment had been maintained in excellent condition. Apart from the unpaid accrued bond interest, the current position of your company is excellent. At present the building is 100% rented and at rental rates slightly in excess of those for the past fiscal year."

Comparative figures on the profit and loss account follow:

Years Ended April 30	1938 $	1937 $
Gross income	180,198	180,823
Less: Expenses	107,408	102,987
Depreciation	35,793	37,314
Bad debts	......	4,458
Add: Int. earned	1,153	903
Less: Bond interest	117,330	117,330
Loss for year	79,179	80,363

Bates Valve Bag Co. Completes Western Plant

From Our Own Correspondent

MONTREAL.—Bates Valve Bag Co. has recently completed a new bag factory in Vancouver. This plant is to be used by the company, which also has factories at Three Rivers and Dryden, for the manufacture of heavy duty kraft paper bags for rock products, cement, lime, plaster, flour, sugar etc.

Installation in the Vancouver plant includes a complete bag-making unit capable of producing 40,000 Portland-cement bags or their equivalent per day. This output can be doubled with very little addition to the present equipment.

Government Passes C. N. R. Loan Requests

From Our Own Correspondent

MONTREAL.—Canadian National Railways has been authorized to issue $17,574,233 of Dominion Government guaranteed securities in order to meet expenditures made and indebtdness incurred during the current year.

Included in the total is $3,455,000 for new equipment. This is only 25% of the cost of new equipment to be purchased, the C.N.R. already having the authority to issue securities to finance 75% of the cost of new equipment purchases.

Slightly over $9 millions of the new securities will be issued for the purpose of providing funds for retirement of maturing obligations and sinking fund payments.

Immediate public offering of the securities which have been authorized is not necessary as the Dominion Government has authority to make temporary loans to the C.N.R. on the strength of these securities.

Office Occupancy Holds in Canada

Dominion Stands Second in Regional Survey of Continent

The ratio of office building occupancy to capacity in Canada is well above the average for Canada and the United States combined, and puts this country second in the list of eight regions by which the National Association of Building Owners and Managers conducts its periodic surveys of office renting.

The percentage of occupancy to space available in Canadian office buildings is reported by the Association at 85.96, slightly below the figure reported at the time of the last survey in October. The average occupancy for the 99 Canadian and American cities covered by the check is set at 81.91%, only fractionally above last October, but a full point ahead of May, 1937. The Canadian ratio is exceeded only by that of the southern states, 86.51%.

The percentage of vacancy shown by the survey, 18.09%, is the lowest reported since May, 1931, when the ratio stood at 17.57%.

Quebec Suspends Order To Help Building Trades

MONTREAL.—The Quebec Government has ruled that the collective labor agreement affecting the building trades will not apply to repairs on houses where such repairs do not exceed $2,000, this sum including the cost of labor and materials.

This new ruling of the Government applies only to Montreal and Three Rivers.

"The Old Order Changeth Yielding Place to New"

THE erection of a new Bank of Canada Building in Ottawa gives to the Dominion of Canada as a whole, a magnificent symbol of growth and achievement in the realm of Canadian finance.

The T. Eaton Company offers its congratulations to the Bank of Canada on the erection of such a splendid edifice and is happy to have contributed to the furnishings of its handsome interior.

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Six Greek Coins Adorn Central Bank Entrance

Historic Currency Provides Motif For Decoration of New Bldg.

Unusual feature of exterior decoration of the new Bank of Canada headquarters building in Ottawa consists of the bronze reproductions of six Greek coins of historic importance. Each three feet in diameter, they stand out from the cast bronze doors of the main entrance off Wellington Street.

The reproductions provide a decorative accent at the approach to the building for the Greek classical basis of the whole structure. With the sculptured bronze figures symbolizing Canadian industry, which adorn the marble spandrils between the floors of the main facade, the coins relieve the simple lines of the building.

Further function of the doors' design is to suggest the control of currency and credit exercised by Canada's national central bank.

History of Coins

The reproductions are taken from coins of special interest used by the Greeks during the years 700-220 B.C. Descriptions below are based on Barclay V. Head's guide to coins of the ancients:

1. Reverse of a silver coin from Macedonia, struck by King Antigonus Doson, 329-220 B.C. Design: Apollo with bow, seated on prow of galley.

2. Reverse of gold coin, early specimen of gold money series of Greek city of Tarentum, Calabria, 450 B.C. Design: Horseman crowning horse, magistrate's name, city symbols in field.

3. Obverse of silver coin from Tarentum, 400-336 B.C. Design: One of celebrated Tarentine horsemen, naked, with shield; border of waves.

4. Reverse of silver coin from Macedonia, struck by King Antigonus Gonatas, 277-237 B.C. Design: Athena Alkis (Pallas) hurling thunderbolt.

5. Reverse of silver coin from Caulonia, one of Achaean cities in Southern Italy, 700-480 B.C. Design: Stag, branch, inscription.

6. Reverse of silver coin from Tarentum, 400-336 B.C. Design. Taras, son of Poseidon and reputed source of name of city, shown riding dolphin and holding cup in hand.

Verdun Plans to Build Municipal Auditorium

From Our Own Correspondent

MONTREAL. — City of Verdun plans to construct a municipal auditorium, an open-air swimming pool and to extend its riverside boardwalk as unemployment relief projects. Some months ago Verdun abandoned direct relief payments for a works programme. Cost of the above mentioned projects is estimated at $857,500 of which the city's share will be $345,000, which it plans to borrow. The balance will be paid out of unemployment relief grants to Verdun by the provincial government.

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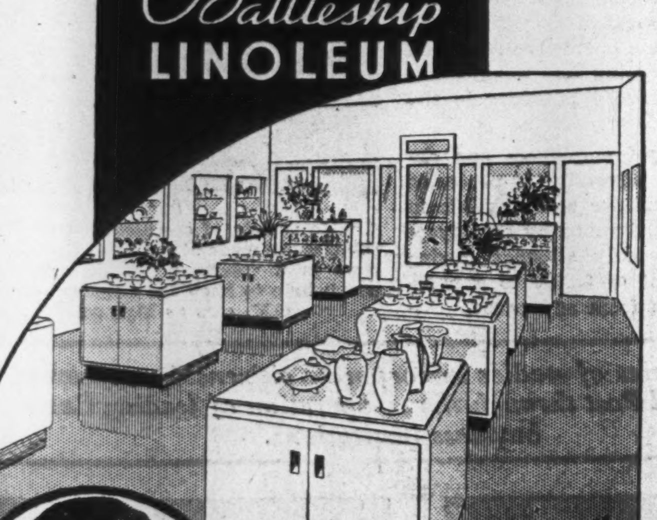

says J. WM. REID
REID-ROWLAND
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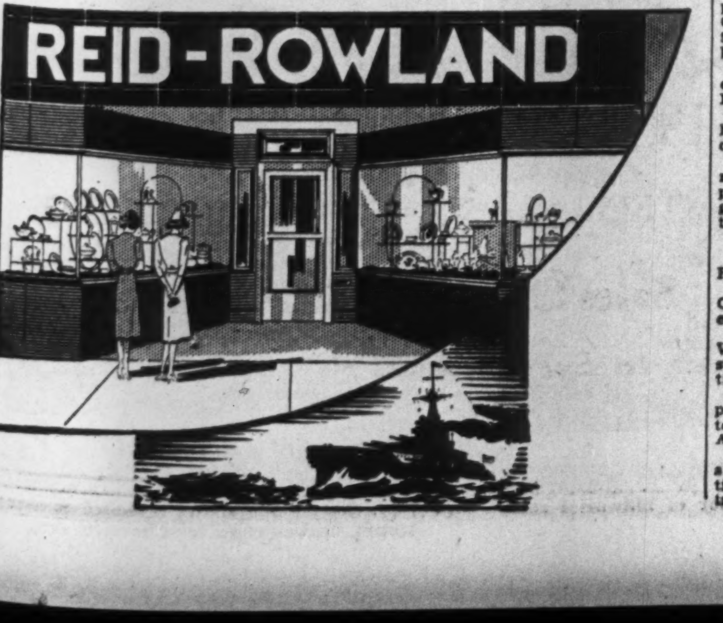


Windsor Hotel Scheme Calls For Debt Cut

Plan to Bring Debt Charges in Line With Present Earnings

From Our Own Correspondent

MONTREAL.—Reorganization plan for Windsor Hotel Ltd. which failed to meet interest and sinking fund payments on its bonded debt, provides for a sharp reduction both in debt and debt charges, so as to bring the latter in line with current earning power.

At present Windsor Hotel has outstanding $1,977,000 of 6½% first mortgage bonds, on which the arrears of interest amount to $385,515; $963,800 of 6% second mortgage bonds, arrears of interest on which amount to $178,303; $2 millions of 6½% preferred stock, on which the dividend arrears total $731,250; and 50,000 shares of no par value common stock.

New Security Distribution

The plan provides:

For each $1,000 principal amount of existing first mortgage bonds there will be given in exchange $1,225 principal amount of new first mortgage bonds, plus five new common shares;

For each $1,000 principal amount of second mortgage bonds, there will be given in exchange 60-7/10 new common shares.

For each existing preferred share, there will be given 1¼ new common shares; and

For each existing common share there will be given 1/10 of one new share.

Thus, under the proposed plan, outstanding securities would comprise: $2,421,825 of 4½% first mortgage bonds, and 98,387 shares of new common, of an authorized total of 100,000 shares.

Split of Stock Equity

The distribution of the shareholders equity under the new set-up follows:

To Holders:	%
1st mortgage	10.05
2nd mortgage	59.46
Preferred	26.42
Common	4.07

Equity Distribution

The balance sheet as at Dec. 31, 1937, adjusted to give effect to the proposed reorganization, shows total assets of $4,990,137, against which there are current liabilities of $108,637. The net value of the property amounts to $4,881,500. The distribution of this interest to the different security holders under the new set-up follows:

	Present Claim Against Property $	Interest in New Set-up $
1st mortgage	*2,362,515	2,667,792
2nd mortgage	*1,142,103	1,463,506
Preferred	2,731,500	649,374
Common	631,175	100,828

*No allowance for interest on interest.

Set Up Committee

In order to carry out the proposed reorganization, it is intended to set up a committee, composed of the Hon. W. Scott, J. Alderic Raymond, and Rene Morin. Mr. Scott represents the first mortgage bondholders; Mr. Morin the first and second mortgage bondholders; and Mr. Raymond the shareholders.

Principal and interest on the new bonds will be payable in Canadian funds only. Interest dates from July 2.

The sinking begins on July 2, 1940, and will amount to 2% annually of the maximum total aggregate principal amount of new bonds issued, whether outstanding or retired.

The trustee for the first mortgage bondholders will have the right to elect two directors, one of which will be a member of the executive committee.

No dividends can be paid on the capital stock until the outstanding bonds have been reduced to two million, or which would reduce the cash on hand, or marketable securities, after payment of dividend, to less than $150,000.

The new bonds are redeemable at 105, plus accrued interest.

The plan provides that the reorganization must come into effect by Dec. 1 next, and to that end a meeting of the security holders will be held in Montreal on August 2 to pass upon the arrangement.

B. C. Packers Seeks Approval of New Plant

British Columbia Packers has deposited with the Minister of Public Works at Ottawa a description of the site and the plan of a wharf, approach, fish elevator, reduction plant and cannery building, which the company proposes to construct at Pacofi Bay, Selwyn Inlet, Queen Charlotte Islands, British Columbia. The company is asking for approval of its plans for this project.

Sales and Income Tax Receipts Up in Montreal

From Our Own Correspondent

MONTREAL. — Municipal sales and income taxes in the Montreal metropolitan area yielded $6,105,854 in the year ended April 30 last. Of this amount, $4,407,513 was from the sales tax and $1,683,073 from the income tax and $15,268 from interest and penalities.

New Building

Chrysler Corp. of Canada, Windsor, has awarded contract to Carter-Halls Aldinger Co. for extension of assembly plant facilities.

Crawley & McCracken Co., Montreal, is planning erection at Baie Comeau, Que., Ontario Paper Co. mill community, of $75,000 building to house stores, laundry, bakery, and 75 rooms.

S. S. Kresge Co., Toronto, has started construction of $70,000 store building at Kirkland Lake, Ont.

Public General Hospital, Chatham, Ont., has decided to proceed with construction of $75,000 addition to existing building.

Grand River (Ont.) Conservation Commission reportedly will start this month on preliminary work for $2 millions programme of dam and reservoir development to check flooding of Grand River Valley.

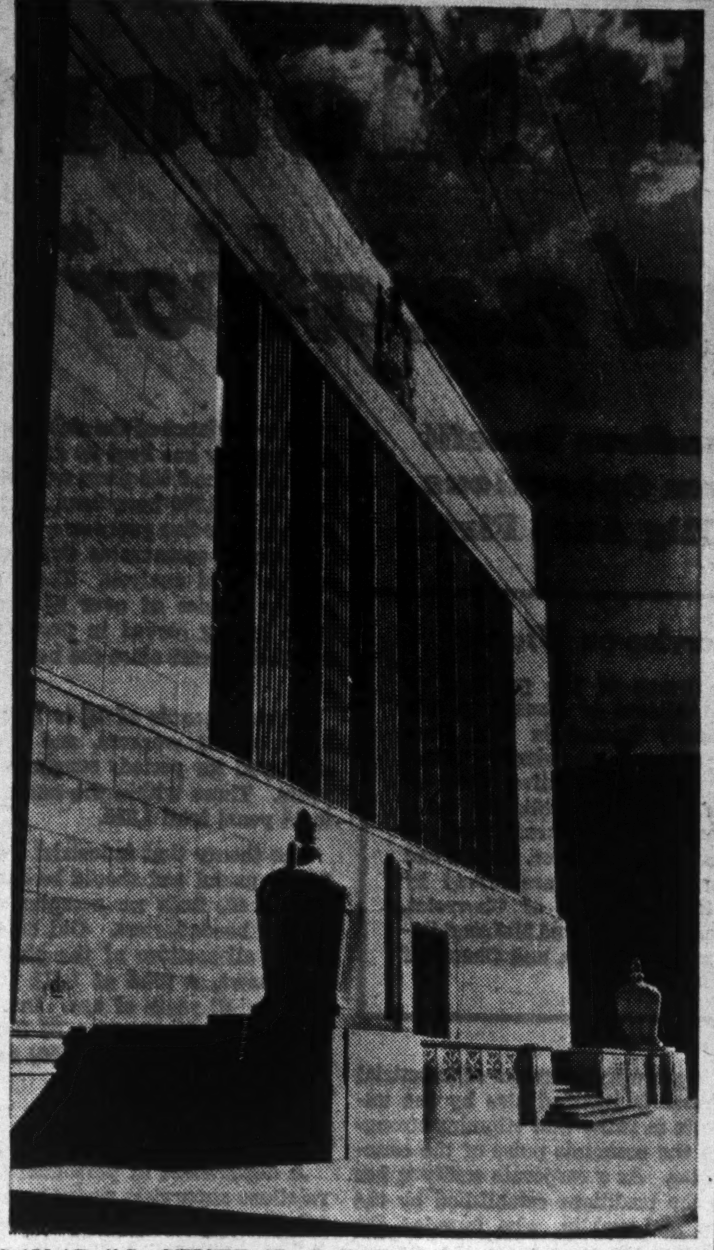
Reported by Engineering & Contract Record:

Stormont Light & Power Co., Cornwall, Ont., has awarded general contract for erection of $60,000 office building.

Mutual Life Assurance Co. of Canada, Waterloo, Ont., has initiated work on construction of $250,000 office building addition.

Canada Cement Co., Montreal, will supply cement for $2.5 millions tin plate mill to be constructed at Sault Ste. Marie, for Algoma Steel Corp.

Nanaimo-Duncan Utilities Ltd., Nanaimo, B.C., is going ahead with construction of $125,000 high tension power transmission line.



CANADA'S CENTRAL BANK

The Bank of Canada building at Ottawa houses the staff, records and deposited wealth forming the hub of Canada's central bank system. Above is the Wellington Street façade and main entrance.

July Dividends Keep Years Total Higher

In spite of three cases of reduced dividends and one dividend passed entirely, The Financial Post's estimate of total dividend payments to be made by Canadian corporations in July shows an increase over the corresponding months of 1937.

Payments announced so far and to be made this month aggregate $31.9 millions against $31.2 millions for July, 1937.

For the first seven months of 1938 estimated aggregate dividend payments by Canadian companies come to $181.1 millions compared with $179.9 millions in the corresponding seven months of 1937, an increase of $1.2 millions. This increase is all the more impressive when compared with 1937 total which set an all time record for Canada in the matter of dividend payments.

Features of July list of dividends include 13 extras of which eight are being made by mining companies. The list of extras includes payments by: Bralorne, Cariboo Gold Quartz, Consolidated Smelters, Fernie Brewing, Guarantee Co. of North America, Hedley Mascot, Hollinger, Kootenay Belle, Montreal City & District Saving Bank, Sheep Creek Gold, Stedman Bros., Supertest, Wright-Hargreaves.

Nova Scotia Light & Power is the only company to announce an increase in the regular dividend rate.

So far this year February, May and June have failed to show increases in aggregate dividend payments over the corresponding months of 1937, but the other four months are up. Details of payment scheduled for July follow:

Summary of July Payments

	1938 $	1937 $
Dividends	31,883,515	31,212,047
Bond interest	32,627,000	31,046,000
Total	64,510,515	62,258,047

Dividend Payments

Company:	Rate	Date	Amount $
Acadia Sugar, pf.	.07½q	19	22,500
Acme Glove	.12½q	1	3,000
Do., pref.	1.62½q	1	11,177
Agnew-Surpass, p.	1.75q	2	15,464
Alta. Wood Pres., p.	1.75q	2	4,068
Amer. Cyanamid, A & B	.15q	1	378,055
Do., pref.	.12½q	1	12,759
Assoc. Breweries, p.	1.75q	1	15,120
Bank of Canada	1.12s	2	226,240
Beatty Bros., 2nd p.	3.50s	2	23,786
Bank of N. Scotia	3q	2	360,000
Belding Cort.	1q	2	7,495
Do., pref.	1.75q	2	15,142
Bell Telephone	2q	15	1,582,448
B. C. Tel., 1st pf.	1.50q	2	15,000
Biltmore Hats, c.	.25	15	20,000
Brantford Cord., pf.	.32½q	15	12,662
Bralorne Mines	.15q	15	187,050
Do., extra	.10	15	124,700
Brazilian Traction	.50	5	3,514,229
Do., pref.	1.50q	2	5,901
Brit. Amer. Oil	.25q	2	655,660
B. C. Elec. Pr., pf.	1.50q	2	75,000
B. C. Power, A	.50q	15	500,000
Brit. Mtge. & Tr.	4s	2	40,000
Brockville Trust	.62½q	2	6,250
B. C. Elec. Rly., p.	2½%s	15	175,000
Building Prod., A & B	.50q	2	60,423
Burlington Steel	.15q	2	21,000
Burry Biscuit, pf.	.75q	1	7,401
Burt, F. N.	.30q	2	32,318
Do., pref.	1.75q	2	994
Canada Bread, 1st pf.	1.25q	2	15,625
Do., B pref.	.62½q	2	15,625
Do., arrears	.12½	2	3,125
Canada Bud	.20	26	30,000
Can. Foundries, A	.25	2	9,500
Canada Life	5q	2	50,000
Can. Nor. Power	.30q	25	120,000
Do., pref.	1.75q	15	96,250
Canada Packers	.75q	2	150,000
Can. Perm. Mtge.	2q	2	140,000
Can. Canners, 1st pf.	.25q	2	47,719
Do., conv. pref.	.15q	2	54,559
Can. Car & Fdy., pf.	.44q	11	124,570
Can. Cottons	1q	2	27,155
Do., pref.	1.50q	2	54,922
Can. Breweries, p.	.50q	15	81,714
Can. Fairbanks, pf.	1.50q	15	17,523
Can. Fire Ins.	2s	2	40,000
Can. Indust., A & B	1.50	30	1,029,414
Do., pref.	1.75q	15	81,375
Can. Light & Pr.	.50s	15	16,624
Can. For. Invest.	.40q	1	29,366
Do., pref.	2q	1	19,738
Can. Gen. Elec.	1.50q	1	283,267
Can. Gen. Invest.	.12½q	15	75,073
Canadian Oil, pf.	2q	2	40,000
Can. Wallpaper, A & B	1	11	129,246
Can. Westinghouse	.50q	1	273,000
Can. Wire Box, A	.37½q	2	19,456
Cariboo Gold	.02½q	2	33,332
Do., extra	.01½	2	19,999
Carnation Co.	.50s	1	304,788
Do., pref.	1.25q	1	48,615
Chartered Trust	1q	2	10,000
Celanese of Am., pr. pf.	1.75q	1	288,431
Central Can. Loan	2q	2	50,000
Comm. Alcohols, pf.	.10q	15	5,000
Cons. Smelters	.50	15	1,631,492
Do., extra	.50	15	1,631,492
Cons. Bakeries, ord.	.25q	2	79,610
Consumers' Gas	2.50q	2	363,880
Cosmos Imperial, p.	1.25q	15	5,875
Crown Life Ins.	3¾q	2	8,352
Crown Trust	1q	2	10,000
Dome Mines	1q	20	973,324
Dominion Bank	2.50q	2	175,000
Dominion Coal, p.	.38q	2	91,200
Dominion Fire	3s	2	9,000
Dom. Foundries, c.	.40	2	48,261
Dom. Glass	1.25q	2	53,125
Do., pref.	1.75q	2	45,500
Dom. Textile	1.25q	2	337,500
Do., pref.	1.75q	15	33,960
East. Can. Savings	1.50q	2	11,250
Eastern Steel, pf.	1.75q	2	5,958
Eastern Trust	2q	2	20,000
Eastern Theat., pf.	3.50s	30	8,750
Ensign Insur.	1.50s	2	9,000
Excelsior Life	1.20s	2	6,000
Edm. C. Dairy, pf.	1.25q	2	9,666
Fanny Farmer	.25q	1	97,616
Fernie Brew.	.60a	2	19,651
Do., extra	.15	2	4,912
Gatineau Pwr., p.	1.25q	1	152,450
Goodyear Tire	.63q	2	162,073
Do., pref.	.62½q	2	75,000
Gt. Lakes Power, pf.	1.75q	15	13,125
Gt. West Life	5q	2	50,000
Goderich Elev.	.25s	2	21,001
General Trust, pf.	1.50q	2	16,500
Gordon & Belyea, pf.	1.50q	1	2,106
Do., 2nd pref.	1.50q	1	258
Greening Wire	.15q	2	28,500
Grey & Bruce Trust	2⅝s	2	10,894
Guar. of N. Amer.	1.50+2.50	15	24,368
Guelph & Ont. Inv.	1.50s	2	28,951
Guelph Trust	1.25s	2	7,525
Guaranty Tr. of Can.	2.50s	15	3,750
Halifax Fire	.50s	2	100,000
Ham. Cotton, pf.	.50q	1	10,000
Harding Carpet	.10	2	17,102
Hedley Mascot	.03q	2	67,923
Do., extra	.01	2	22,641
Hinde & Dauch	.25q	2	74,983
Hollinger Cons.	.05+.05	15	492,000
Hudson's Bay, pf.	2½%	1	170,500
Huron & E. Mtge.	1q	2	50,000
Intercol. Coal	3s	2	30,000
Do., pref.	4s	2	8,060
Inter. Bronze	.37½q	15	37,500
Do., pref.	.37½q	15	37,500
Indust. Mortgage	1s	2	12,700
Inter. Milling, pf.	1.25q	15	60,812
Inter. Power, pref.	1.50q	2	120,000
Int.-State Rlty., A	.28q	1	28,000
Invest. Found., pf.	.75q	15	22,342
Jam. Pub. Ser.	.43¾q	2	19,687
Do., pref.	1.75q	2	13,125
Do., B pref.	1¾%	2	5,652
Kootenay Belle	.04	22	27,008
Do., extra	.01	22	6,752
Lambton Loan	1s	2	15,795
Landed Bank. & L.	1.25q	2	12,500
Lang, J. A.	.17½q	2	17,500
Manufacturers Life	6s	2	90,000
Maritime Tel.	.17½q	15	64,583
Do., pref.	.17½q	15	26,250
McColl-Front., pf.	1.50q	15	119,538
Midland Loan	.40s	2	14,400
Mitchell, J. S., pf.	1.75q	2	4,840
Mtl. C. & D. Bank	3q	2	60,000
Do., bonus	1	2	20,000
Mtl. L., H. & Pr.	.38q	30	1,705,825
Montreal Tele.	.80q	15	40,000
Montreal Trams.	2.25q	15	157,500
Moore Corp.	.40q	2	149,372
Do., pref. A & B	1.75q	2	69,539
National Brew	.50q	2	360,686
Do., pref.	.44q	2	48,840
National Grocers, pf.	1.75q	1	51,681
Nat. Steel Car	.50q	15	65,000
National Trust	2q	2	60,000
Niagara Wire	.50q	1	55,000
Noranda Mines	†2	27	4,479,544
North Star Oil, pf.	.08¾q	2	17,500
N. S. Light & P., ord.	1.50q	2	51,784
N. B. Telephone	.12½q	15	72,310
Ogilvie Flour, c.	.25q	2	150,000
Ottawa El. Rly.	.40	2	14,078
Ottawa L., H. & Pr.	1.50q	1	52,500
Do., pref.	1.25q	1	21,250
Ont. Loan & Deb.	1.25q	2	50,000
Page-Hersey	1q	2	174,276
Pioneer Gold	.10q	2	175,175
Porto Rico Rly., pf.	1.75q	2	17,500
Power Corp.	†.30	25	133,889
Do., 1st pref.	1.50q	15	75,000
Do., 2nd pref.	.75q	15	75,000
Premier Gold	.03	15	150,000
Provincial Paper, p	1.75q	2	61,250
Prudential Trust	.25q	2	4,306
Real Estate Loan	1s	2	5,000
Reno Gold	.03q	2	56,400
Remington Rand	.20	1	316,976
Do., pref.	1.12½q	1	208,272
River S. Mills, A	.50q	2	15,000
Rob. Cons. Cone	.25q	2	13,746
Securities Hold., p.	.60s	2	11,044
Silverwood, pfd.	‡.20	15	29,000
Sheep Creek G.	.03q	15	56,250
Do., extra	.01	15	18,750
Sher.-Williams, pf.	▲1.75	2	60,550
Silbak Premier	‡.04	25	100,000
Smith H. Pap., pf.	1.50q	15	93,774
South Can. Pr., pf.	1.50q	15	106,333
Stand. Fuel, pf.	1.62½q	1	19,272
Sterling Trusts	1s	2	7,901
Stedman Bros.	.15q	2	13,500
Do., extra	.10	2	9,000
Do., pref.	.75q	2	4,500
Supertest P., ord. c.	50s	2	55,000
Do., extra	.25	2	27,500
Do., B pref.	.75s	2	6,000
Supersilk Hos., pf.	2.50s	2	12,812
Sun Life of Can.	3.75q	1	75,000
Tamblyn	.20q	2	22,400
Do., pref.	.62½q	2	3,750
Teck-Hughes	.10q	2	480,714
Tip Top Tailors	.15q	2	18,000
Do., pref.	1.75q	2	18,431
Trusts & Guar.	1s	2	25,482
Tor. Gen. Trusts	1q	2	30,000
Toronto Mortgage	1.50q	1	29,595
Tuckett Tob., pf.	1.75q	15	35,000
United Bond & Sh.	.15q	15	3,933
Ventures	.12½	5	196,743
Viau Ltd., pfd.	1.25q	2	11,825
Un. Gold Eq., st. & c.	.03q	15	6,092
Wabasso Cotton	.25q	2	17,475
Waterloo Trust	2.50s	2	25,000
West. Koot. Pr., pf.	1.75q	2	8,750
Western Assur., pf.	1.20s	2	18,000
West. Grocers	.75q	15	12,706
Do., pref.	1.75q	15	20,899
Weston, Geo., c.	.20q	2	80,884
Wr.-Hargreaves	.10q	1	550,000
Do., extra	.05	1	275,000
Total			31,883,515

q—Quarterly. s—Semi-annually. a—Annually. †Interim. ‡Initial. ▲Arrears.

Bond Interest Due in July

	$
Municipal	11,080,000
Provincial	7,561,000
Dominion	13,986,000
Total	32,627,000

Construction

Building During June Shows 31% Decrease

Contract Volume Fails to Consummate Promise of Upturn Seen in May — Six-month Total Down

Level of construction activity in Canada during June failed to fulfil the prospects of an upturn which materialized during May. Lag behind last year was noticeably narrowed in May and an increase recorded in residential and business building, but total of construction contracts awarded in June fell 31% below June, 1937. The comparable drop in May was less than 23%.

This left the cumulative total of contracts for the first half of the year 26% less than in the first six months of last year. Awards as compiled by MacLean Building Reports in the January-June period this year totalled $80,655,200, compared with $110,375,800 in the equivalent part of last year. Activity in the first half of this year was, however, ahead of that in the same months of the years 1932-36 inclusive.

Last month's figure was $20,928,100, representing a decrease of $9.4 millions from the total for June, 1937, but slightly ahead of the $20.8 millions volume of June, 1936. The seasonal increase of June contracts over the figure for May of this year amounted to 12.5%, but this was less than half the May-to-June rise in 1937.

Industrial Building Slumps

The falling off in building last month is traceable largely to continued curtailment of road building activity in Ontario, where contracts totalling $3 millions were awarded in June of last year. There was also a shrinkage of industrial building in comparison with June, 1937, which saw award of seven industrial plant construction contracts, each involving outlays of over $1 million, and total expenditure of $10 millions. Apart from the contracts totalling $2.5 millions awarded last month by Algoma Steel Corp., for its new tin plate mill facilities, the largest industrial contract in June of this year was that by the Ontario Paper Co. for $250,000 development at Heron Bay, Ont.

Highway contracts totalled $1.8 millions last month in New Brunswick, but in Saskatchewan, where road awards in June of last year amounted to $980,000, no contracts were let.

Of the four major classifications of building, industrial construction showed the greatest decline, dropping by $4.2 millions to a volume of only $3.2 millions in June. A shrinkage of over $1 million in business building in comparison with last June was caused chiefly by curtailment of erection of public buildings and warehouses. A decrease of about 10% in residential construction was occasioned entirely by falling off in building of individual dwelling units, the advance in apartment building being continued during June.

Failure of the upturn of residential and business construction in May to carry over into June was particularly disappointing to the construction industry. It is hoped, however, that resumption of the May pickup may result during the next few months from the stimuli latent in the new Dominion measures to aid housing and construction generally, and from signs of a coming recovery in general business conditions.

Construction Contracts Awarded in Canada

	June, 1938 No.	June, 1938 Amount $	May, 1938 No.	May, 1938 Amount $	June, 1937 No.	June, 1937 Amount $
Apartments	31	1,180,900	34	1,772,800	35	797,300
Residences	1,959	5,044,100	2,600	5,949,600	2,239	6,179,500
Total residential	1,990	6,225,000	2,634	7,722,400	2,274	6,976,800
Churches	42	337,500	35	721,600	35	359,400
Public garages	63	378,100	119	308,500	81	306,100
Hospitals	10	544,000	10	310,300	10	598,900
Hotels, clubs	52	726,000	54	312,600	43	186,400
Office buildings	38	739,200	72	932,400	42	586,500
Public buildings	49	396,000	59	605,900	72	1,020,600
Schools	85	1,385,400	44	979,100	55	831,200
Stores	155	560,800	269	854,700	184	697,900
Theatres	12	272,100	10	133,000	10	205,900
Warehouses	46	363,100	59	245,900	72	2,075,600
Total business	552	5,702,200	731	5,404,000	604	6,868,500
Total industrial	71	3,266,700	89	1,353,300	72	7,479,400
Bridges	26	777,700	11	591,500	23	546,600
Dams, wharves	3	227,700	3	41,400	14	251,300
Sewers, watermains	15	168,400	25	210,700	16	124,800
Roads, streets	39	2,842,400	95	1,562,200	67	5,947,300
General engineering	44	1,718,000	42	1,704,500	63	2,174,900
Total engineering	127	5,734,200	176	4,110,300	183	9,044,900
GRAND TOTAL	2,740	20,928,100	3,630	18,590,000	3,133	30,369,600

Six Month Totals of Contract Awards

	No.	Amt. in $
1938	13,002	80,655,200
1937	13,298	110,375,800
1936	8,812	77,708,500
1935	9,209	75,594,500
1934	7,738	60,916,700

DURABILITY that has been proved on thousands of Canadian buildings.

PROTECTION from every assault of weather and sun—from the dangers of fire from flying sparks and embers.

BEAUTY that is non-fading, permanent — an asset to any property owner.

These are the values you receive when roofing or re-roofing with Murray-Made Thick Butts. They may be laid over old wooden shingle, thus saving money and avoiding muss and dirt.

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THE BANK OF CANADA BUILDING, OTTAWA

BUILDING is really a wonderful business. There is nothing to compare to the satisfaction and pride that follows the completion of a new building.

IMAGINE then, the thrill in erecting a building of such beauty as the new Bank of Canada. A splendid addition to our list of outstanding Canadian buildings. We congratulate the architects, Marani, Lawson and Morris, of Toronto, and Mr. S. G. Davenport, of Montreal, associated architects, on the perfection of the finished building.

PIGOTT CONSTRUCTION CO. LTD.
HAMILTON AND TORONTO

When Luther Bone drove the millionth car off the General Motors assembly line at Oshawa recently, it marked another chapter in the benefit to Canada from the 30 years of operation of the enterprise.

General Motors of Canada

—"a good neighbor"

Canadians Benefit From Operations Of Big Auto Firm

LUTHER BONE, veteran worker in the General Motors of Canada plant at Oshawa, has a job as distinctive as his name.

He climbs into shiny new cars as they come off the assembly line. He drives them on the first short lap of their journey through the testing and shipping departments, starts them on their way to the automotive users of Canada and the Empire.

In the 22 years he has served the company, Luther Bone has "launched" 400,000 General Motors vehicles. A few weeks ago he drove from the production line terminus the millionth Oshawa-built unit to be turned out by General Motors in its 30 years of operation.

Stretching back from every one of the more-than-a-million cars that have taken form in the Oshawa plant, has been a trail of benefit to scores of contributing Canadian industries, to thousands of Canadian workers and their families, and to national progress generally.

Service on Wheels

Wide range of the products of General Motors of Canada plants, strategically located in four Canadian cities, economically meets nearly every automotive need of Canada's motoring public and business community. A broad scope of requirements as to price, service and auxiliary equipment are served by the different models of Chevrolet, Pontiac, Oldsmobile and McLaughlin-Buick passenger cars, and Chevrolet and G.M.C. trucks.

1,000 Firms Benefit

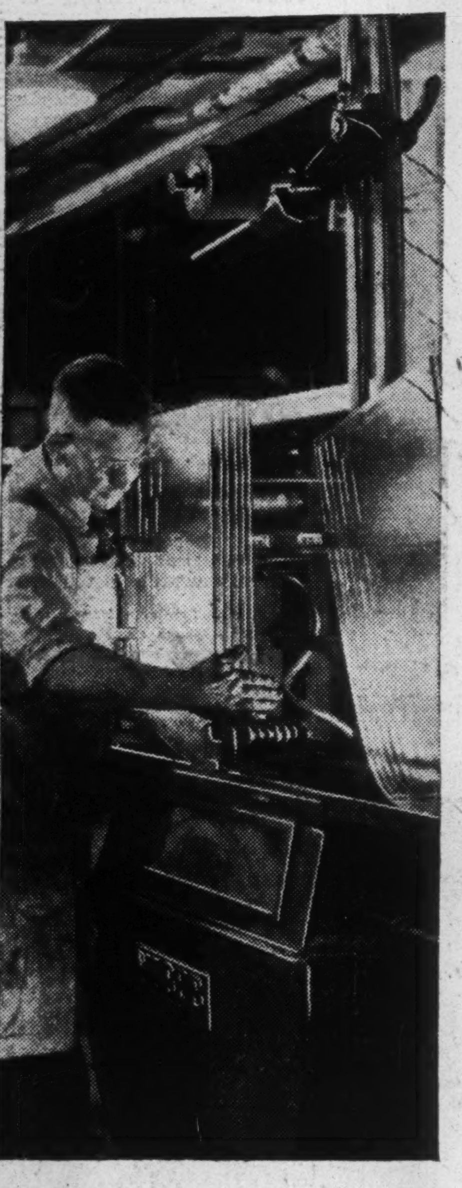
Out of the $600 millions factory sales value of the million cars produced, approximately $130 millions has gone back into the pockets of General Motors own factory workers and so into circulation to swell the purchasing power of the Dominion as a whole. Approximately $400 millions more went for the purchase of materials and services required for the fabrication of those vehicles.

Translated into terms of today, this means that 1,000 industrial firms in 100 Canadian communities benefit annually to the extent of $45-50 millions from the supply of materials, equipment and parts that General Motors does not make itself. It means that nearly 60,000 workers in Canadian industry have benefitted directly or indirectly every time Luther Bone slips behind the wheel of a new car.

If concentrated at one location with their families, those workers would support a sizable community of some 240,000 — bigger than Hamilton, nearly as big as Vancouver.

In Oshawa alone last year, the 4,477 workers in the G.M. plants there tore the ends off pay envelopes containing more than $7 millions. With their dependents they accounted for three fifths of Oshawa's population and purchasing power. Add to them the employees of the Oshawa firms who were paid $10 millions for materials, supplies and services, and you have accounted in large degree for the sources of Oshawa's existence.

In varying degree, the same analysis is applicable to General Motors' western assembly plant at Regina, with its 500 employees, reopened last year; to the basic parts plant at St. Catharines (1,700 workers), to the engine plant at Windsor (550). When the 7,000 production workers finish up, the chain from raw material to the consumer is extended through zone sales offices and service-parts depots in nine cities.



Scores of other industries are aided by General Motors' purchases of materials and supplies. An important requirement is glass for windshields and windows.

Employment for 8,000 Canadians

Including office workers, technicians and engineers, General Motors gives direct employment to more than 8,000 Canadians.

General Motors' corporate good citizenship is only partly reflected in the actual record of its stimulus to the industrial heartbeat of Canada. Its place in the ranks of industrial good neighbors is justified also by the unceasing efforts to make that stimulus stronger, to make the economic pulse of the country beat faster. As a corporate entity it has carried on the traditions established by the late Robert McLaughlin, who founded the nucleus of the company when he started to make better buggies for his neighbors back in Enniskillen, Ont., in the year of Confederation.

When the McLaughlin Carriage Co. turned to automobile production 30 years ago, skill of Canadian assembly craftsmen was the chief Canadian ingredient of the cars produced. But R. S. McLaughlin, Robert McLaughlin's son and present head of General Motors of Canada, was not content to go on putting together the products of another country's industry and workmanship. Continuation of his efforts by his associates and his successors in direct management has steadily built up the all-Canadian content of G.M. cars to levels as high as 75 per cent.

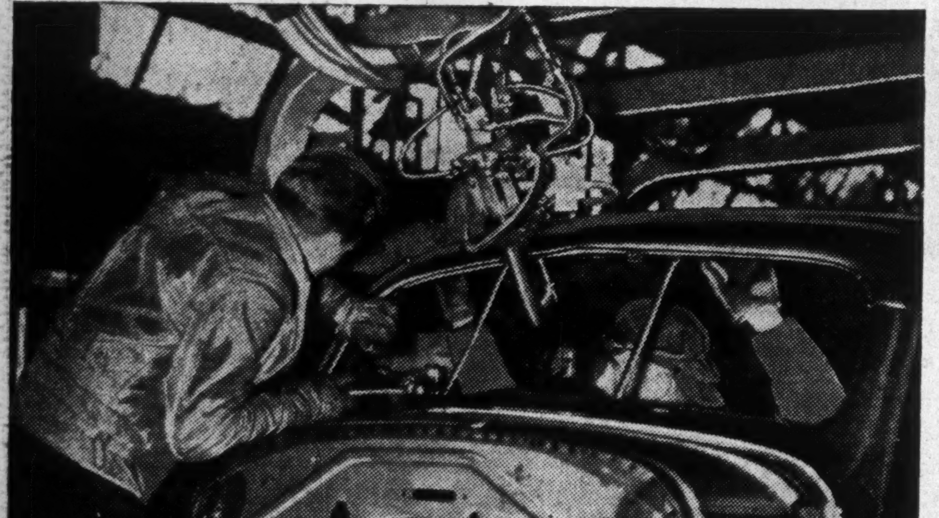
Today General Motors' plants in Canada produce such components as engines, axles, transmissions, generators, shock absorbers, spark plugs, gears, electrical equipment, wheel casings, radiators and fenders. From other Canadian industries it obtains such materials and equipment as tires, floor mats, upholstery, window glass and windshields, car radios, door handles, locks, bumpers, springs, paints, batteries, nuts, bolts, etc.

Export Trade Big Factor

It is important to remember that the buying strength is not confined to Canada, but is drawn also from Empire and foreign countries. The export trade served by General Motors has been a big factor since inception of the company, not only to the enterprise itself, but to Canada. For the export business, which at times has accounted for 35% of the company's production volume, has brought millions of dollars of new money into the country. It has also enabled the company to keep its unit production costs within limits permitting economic prices for the cars it sells in Canada.

The export production goes chiefly, of course, to the British Isles and other Dominions. But the full list of destinations of the made-in-Canada autos covers 50 or 60 different countries. Of the $600 millions value of production of the company's plants in 30 years, more than $130 millions was derived from export sales.

As important as export to the company is the sales and service corps through which General Motors forges the final link of its chain of contribution to Canadian progress. It is upon this selling and maintenance organization the company depends for translation into purchases the understanding of what G.M. production of cars in Canada really means.



In addition to its main assembly and body plants at Oshawa, General Motors also operates an engine plant at Windsor, produces parts and forgings at St. Catharines, and last year reopened its Regina assembly plant. Above, a windshield being installed on the Regina assembly line.

Long Service of Dealers

It is significant in appraising the stability of the company's continuing service to the public, to note the length of service of its dealers. No less than five holders of G.M. selling franchises have been giving the public access to Canadian-made cars for over 30 years—as long as they have been available. The impressive long service record of more than 800 dealers is as follows:

Service Over	No. of Dealers
30 years	5
25 years	12
20 years	63
15 years	147
10 years	162
5 years	301

The long service record of employees is another evidence of the stable basis on which the company has kept its dealings with Canadians. Of the 3,800 plant workers at Oshawa, more than 2,300 have been in employ of the company for five years or over. The detailed breakdown accentuates the striking nature of this broad analysis. There are 117 with factory service of over 20 years, some of them having served in production of General Motors cars since the beginning 30 years ago.

Service records of 16 to 20 years are the boast of 321 workers, and 672 have been employed for periods ranging from 11 to 15 years. Those within the range of five years to 10 years total 1,239.

The theory that industrial workers are no longer useful and should be cast adrift after age of 40, finds no acceptance at General Motors headquarters. Out of 4,200 employees in all sections of the plants and offices at Oshawa, a total of 1,411 (or one third) are over 40 years of age. In this group are 36 who are 65 or older, 36 between 60 and 64, 353 between 50 and 59, and 986 in the 40-49 years age group.

Working Together

A department of personnel and industrial relations supervises such phases of employee relations as accident prevention, medical services, insurance and sick benefit plans, and training, educational and recreational activities supported by the company. The interest of the company in an employee's welfare begins even before he is hired, with such schemes as pre-employment medical examination, and continues up to the time he quits, is discharged or is called by death.

At all four plants of the company, prospective new employees are given a medical examination before being assigned to work. If the examination discloses physical defects rendering a man unfit or undesirable for the type of work for which he was tentatively hired, he is allotted to operations for which he is better fitted and which will not be a menace to his health.

This careful watch over physical welfare is continued throughout the working period of every employee. All workers are periodically examined, and those exposed to dust, fumes and possible lead poisoning from paint materials are given special supervision to prevent infection. An X-ray clinic is maintained in connection with the St. Catharines plant and blood tests are made periodically in certain sections of the Oshawa main plant.

Reduction of Accidents

A full time safety inspector makes regular patrol of the plants at Oshawa to check the operation and use of safety devices. An unflagging campaign of education through bulletins, posters, payroll inserts, etc., impresses on workers the importance of taking every precaution to avoid accidents.

The soundness of the company's health protection campaign is reflected by the steady downward trend in the past few years of the accident frequency rate in its plants. This index relates number of lost-time accidents to every million hours worked. The rate at the Oshawa plant has shown a reduction of nearly 80% in the past eight years, as follows: 1929, 34.6; 1930, 20.8; 1931, 15.8; 1932, 12.4; 1933, 6.5; 1934, 11.19; 1935, 10.3; 1936, 6.3; 1937, 7.3.

It should be pointed out that the temporary upturn in the figure in 1934 and 1935 was due mainly to difficulty encountered in educating workers newly hired or re-engaged after the depression curtailment of operations, to follow the basic principles of accident prevention.

Fully equipped plant hospitals and first aid stations are maintained in all plants operated by the company, and workers are encouraged to take courses in first aid methods.

In its 30 years of operation, the General Motors enterprise has shipped cars valued at more than $130 millions to other countries from its Oshawa plants. Above is a glimpse of part of a shipment going aboard a steamer.

Sports and Recreation

Related to the efforts of the company to protect the health and safety of its workers are the sports and recreational activities which are either sponsored or encouraged, and in most cases materially supported, by the company. These include the mammoth G.M. picnic in Lakeview Park, attended by 14,000 employees, relatives and friends last summer. The programme of sports, entertainment and refreshment is planned and organized by employees, but financed by the company.

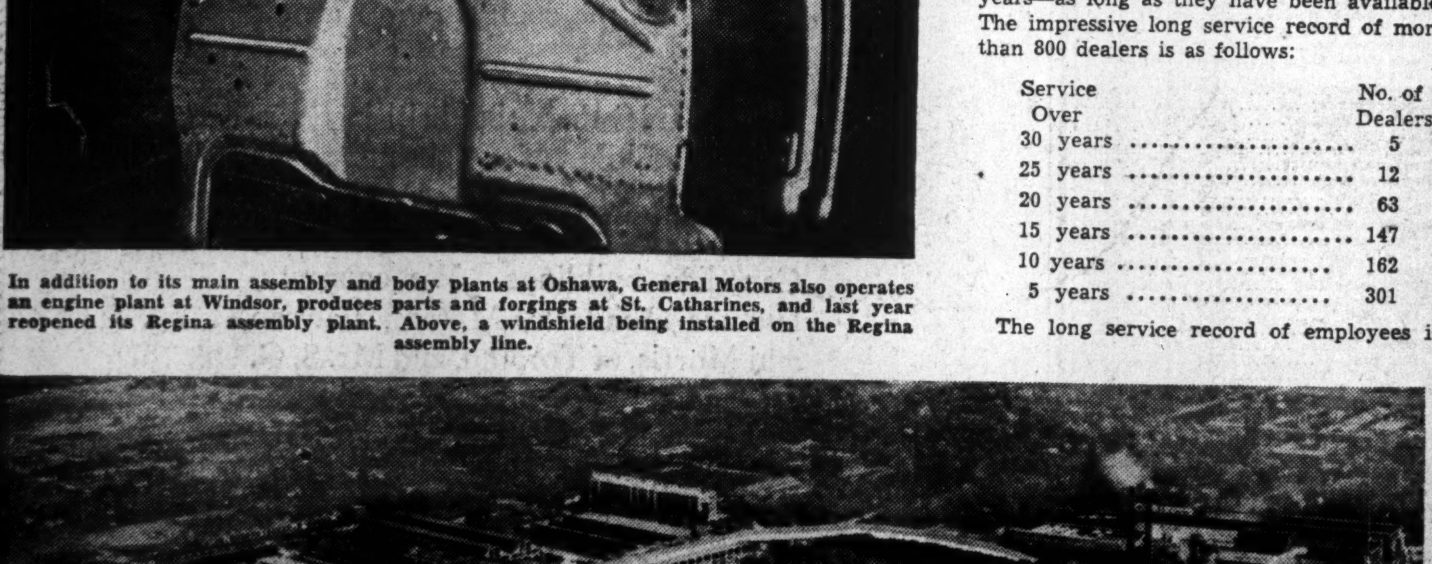
Support is given to activities of inter-departmental hockey and softball teams, the stamp collectors' club and its exhibitions, and the camera club (lectures and exhibitions), the bridge club, and the General Motors choir, composed of 50 singers drawn from among employees and their wives. Plots in a seven-acre tract are provided for employees interested in gardening.

Young men ambitious to enter the service of the company are able to receive a thorough training in all phases of automobile making, particularly the technical and production aspects, at the General Motors Institute of Technology. More than 60 young Canadians have been graduated after the four year course at the Institute, and 35 more are now in training. The plan develops demonstrated aptitudes in selected Canadian boys for sales and production operations requiring special skill, for designing and engineering work, and for supervisory positions in the future.

Financial security of employees and dependents in time of adversity is protected through a group insurance and sick benefit system, nominal contributions by employees assuring them of weekly stipends during sickness and payment of $2,000 to dependents in case of death from any cause.

A wide variety of component parts for G.M. vehicles are made at the St. Catharines plant. Here is a workman turning out forgings which help to keep the Canadian content of G.M. cars as high as 75%.

No. 3 in a series of studies in corporate citizenship appearing in The Financial Post through the co-operation of leading Canadian business institutions.



The importance of General Motors to the community is well illustrated by this air view of the Oshawa plants nestling at the heart of a colony of homes.

Mutual respect and friendliness is maintained between company executives and employees. Above, a guard of honor of G.M. war veterans being reviewed by R. S. McLaughlin, president, General Motors of Canada, and Col. Frank Chappell, director of industrial relations, at left.

Materials, parts and appliances for G.M. products are subjected to thorough tests to give them the utmost in safety and dependability. This photo shows a skilled worker testing brake drums for Chevrolet cars.

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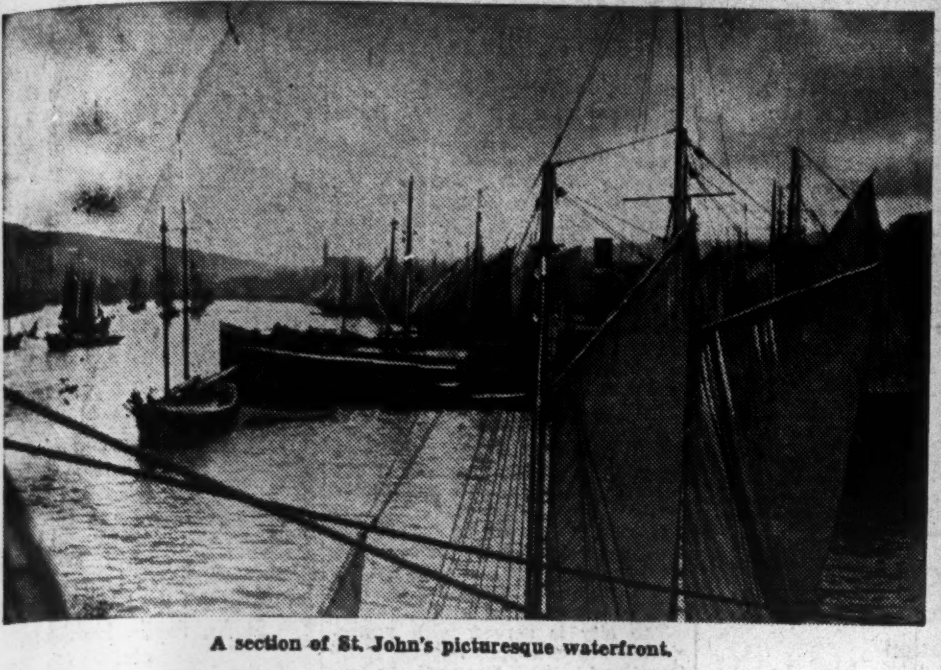
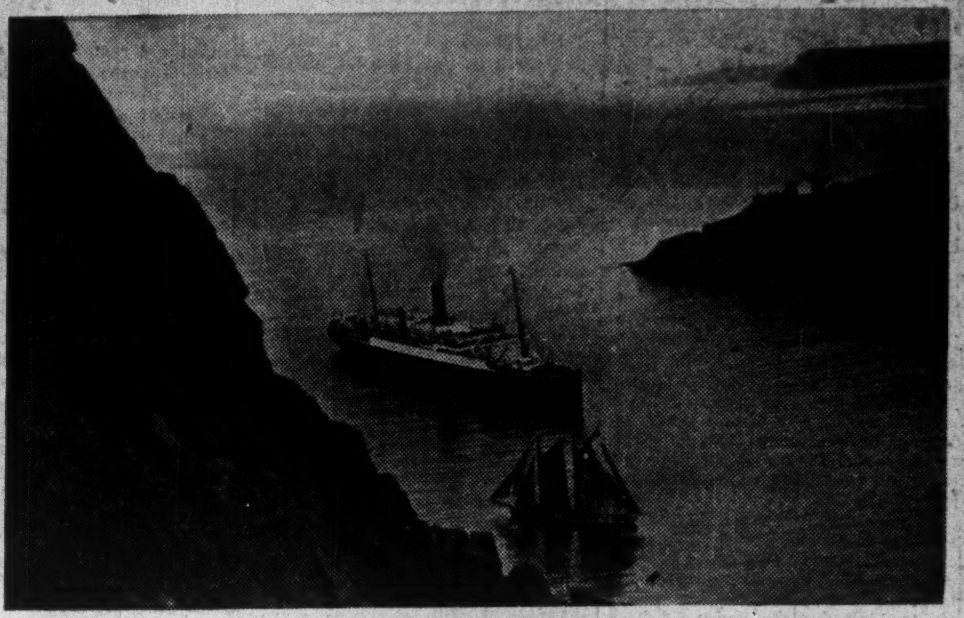
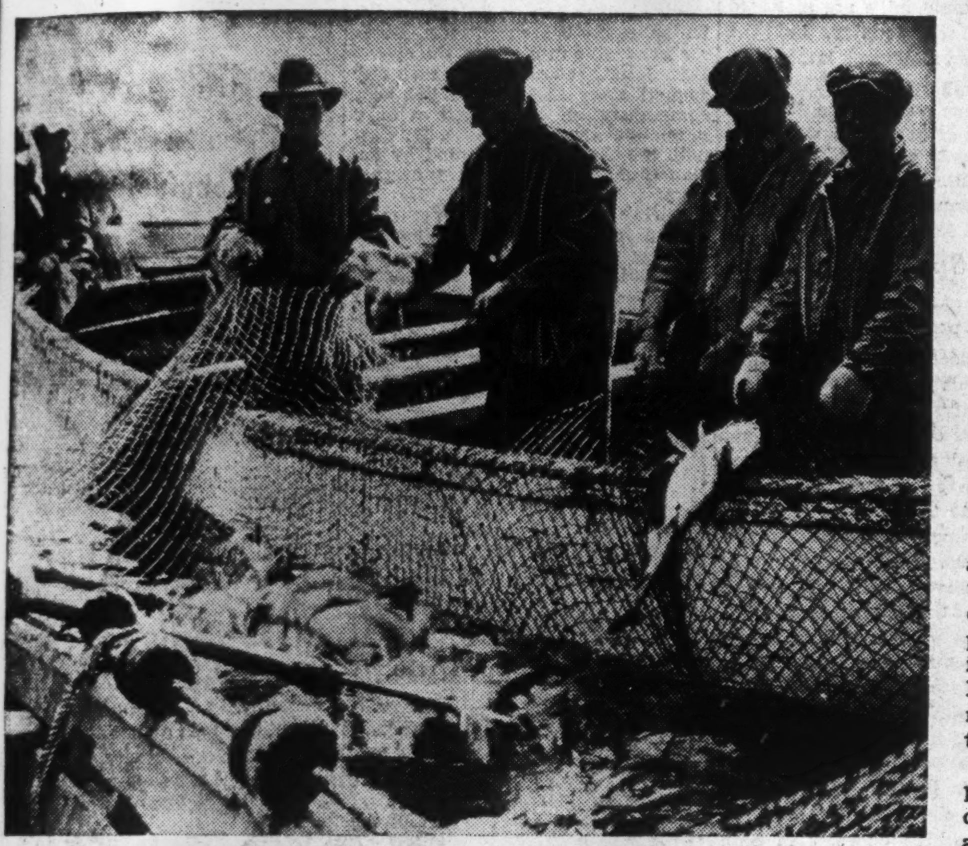

A section of St. John's picturesque waterfront.

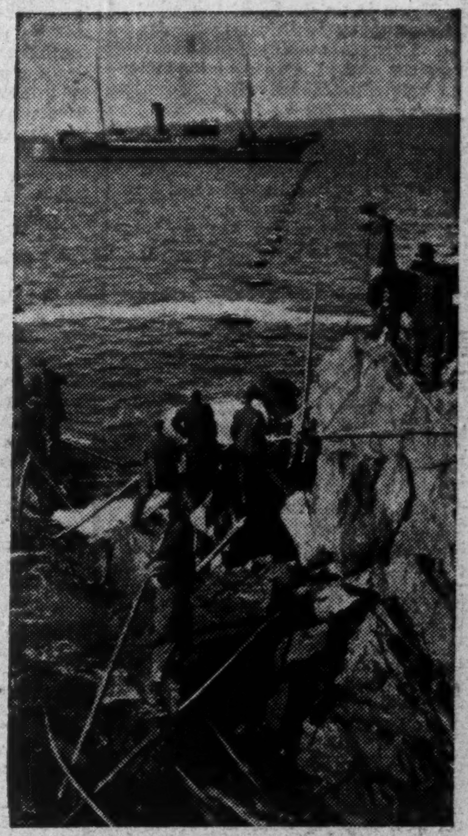
Lumbering, pulp and paper making—a growing industry.


Scenery to delight tourists—entering St. John's harbor.

The New Newfoundland

Island Moves Toward Stabilized Economy
Improvement Shown in Financial Position


More than 50 million pounds of cod are caught in this type of net.


A cable ship off Bell Island.

By NORMAN A. WHITE
Staff Writer, The Financial Post

Newfoundland is working toward a more stable economy.

This has been the prime objective of the Commission Government since it took over control of Newfoundland's affairs more than four years ago, when the Island surrendered its autonomy. This objective is still ahead but the foundations are being well and truly laid.

Rehabilitation of the economy of a country such as Newfoundland is essentially a long term proposition. Since the earliest days its economy has been based upon the export of primary products, the demand for which varies with world conditions outside its control. Its largest industries have been of a seasonal nature. To alter this situation is not an easy task.

The problem in a nutshell is to assist the people wherever possible to obtain a more secure means of livelihood, less subject to fluctuations from outside sources. This necessitates an increase in the wealth of the Island through expansion of existing industries and the establishment of new ones. It involves an examination of all resources to see if it is not possible to raise a greater variety of products and also to provide a larger part of Newfoundland's own needs.

A large part of the Commission's activities to date have been of an investigational character, laying the basis for orderly development in the future. It is true that some schemes for the reconstruction and development of the country are already being tried on a limited scale, but for the most part these are only in the initial stage.

Rehabilitation Programme

Last year the Commission announced it had evolved the general features of a long term policy of rehabilitation, which it is estimated will cost about $8 millions. The cost of this programme is to be borne by the government of the United Kingdom by outright grants. Definite details of this plan have not been announced, but it is expected some information will be given by J. H. Penson, Commissioner of Finance, in his forthcoming budget. The programme will probably be spread over eight or ten years.

In announcing that the United Kingdom Government had agreed to allocate a special sum to Newfoundland, over and above the normal budget requirements of the country, for execution of the rehabilitation programme, Commissioner Penson said that it was no part of the policy of the Government to impose cut and dried schemes. The lines of development will be subject to consideration and modification in the light of local conditions and further experience. They do not exclude other forms of development as favorable opportunities occur.

The rehabilitation programme may be discussed under six broad headings, namely:

(1) Rehabilitation of the Fisheries.
(2) Rural Reconstruction.
(3) Development of Mineral Resources.
(4) Development of Timber Wealth.
(5) Education.
(6) Public Health and Welfare.

Reorganizing Fisheries

The fisheries constitute the major problem. Catches have been below normal, prices have been low and marketing has been difficult. Generally speaking, the salt codfish trade has been unremunerative to both producers and exporters for seven years.

The Commission of Enquiry, appointed in 1935 to investigate all phases of the fisheries, reported a large number of the fishing communities living in poverty and many of those not in receipt of government aid barely able to eke out an existence for themselves and their families.

Recommendations of the Commission of Enquiry would involve a large expenditure on the part of the Government. Loans to fishermen for various purposes and a bonus on the 1937-38 codfish catch were suggested.

Some people doubt the advisability of bonuses. They see possibility of drawing outsiders into the industry. This might increase the catch but would not improve the lot of the present fishermen. Returns in recent years have been poor and there has been considerable difficulty in marketing the output at a profitable price. An increase in production might result in an even lower price.

Steps have been taken to aid the fisheries by cheapening the cost of production. Last year, the Government paid a bounty of $1 per hogshead on salt to be used for fishery purposes and this year the bounty has been increased to $1.50. Furthermore, fishermen have been granted a rebate of the full amount of duty on gasoline used in the fisheries and the duty on Diesel oil used in fishing vessels has been reduced by three cents a gallon. The latter was accompanied by a further reduction in price of one and a half cents a gallon made by the Imperial Oil Co.

The major problem of the codfishery is not production. Output will rise if a satisfactory price can be obtained. The principal task, then, is to secure markets and to increase the price for Newfoundland codfish through improving the quality of the product.

Considerable improvement in marketing has already been achieved through Newfoundland Fisheries Board. Shipments to several countries are made under its supervision and as a result of its efforts associations of exporters have been formed to control sales in both Portugal and Brazil. While the Board is seeking to achieve its objective through cooperative measures with the exporters it has arbitrary powers to regulate the marketing of the entire catch. The possibility of increasing sales and developing new markets is not being overlooked.

A favorable development in the fishing business is trade in fresh and frozen fish. This branch of the industry is growing in importance. Exports of fresh and live lobsters and fresh and frozen salmon,codfillets, codfish and smelts are increasing. This should result not only in a much needed diversification in the industry but in increased revenue to the fisherman. The price for fresh fish is greater than for salt codfish.

The Commission Government is not overlooking any opportunity to develop new types of fish products. As a result of its efforts the Santa Cruz Oil Co. has commenced experimental operations with a view to establishing a meal and oil industry in Newfoundland. In addition, negotiations have been carried on with General Seafoods Corp. of New York for the establishment of a fresh fish processing and cold storage plant.

Rural Reconstruction

The fishery is the major problem, but the keystone of the Government's policy is its rural reconstruction programme. Newfoundland has always imported a large part of its foodstuffs, but if a stable economy is to be established its agricultural production will have to be increased. It is not expected that Newfoundland will ever become an exporter of agricultural products on any considerable scale. However, there is no reason why it cannot produce at least many of the products now imported.

While the Commission's aims include greater development of commercial farming, the principal objective of its rural reconstruction programme is to encourage people to raise vegetables and livestock for their own use. If the fisherman can be induced to supplement fishing with agriculture his lot will be greatly improved.

Considerable work has already been done in this direction and agricultural production of the Island is increasing. Expansion in the amount of land under cultivation is being encouraged through payment by the Government of a bonus of $25 an acre for clearing. The bonus is paid in livestock and implements. Linked up with this are other schemes for encouraging the keeping of livestock by fishermen. The latter includes the loaning of purebred bulls, improving the breed of local sheep and encouraging the keeping of pigs and poultry. Favorable results are already apparent.

Encouraging Effort

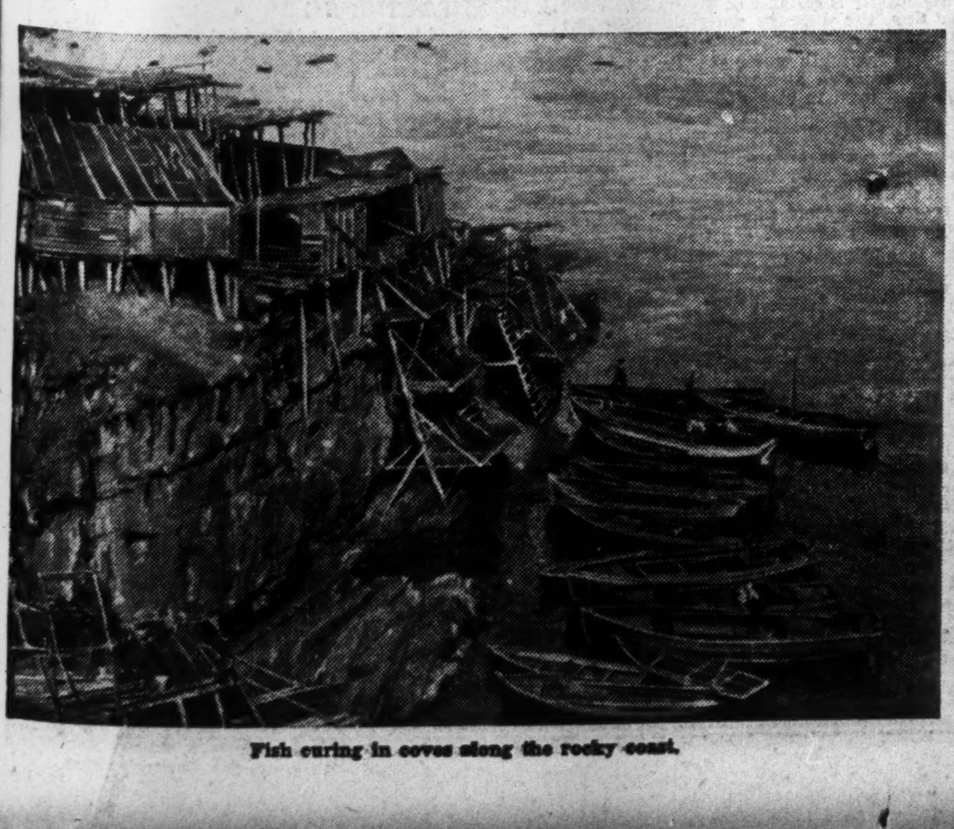
In its rural reconstruction programme the Government has been very careful to base its proposals on the principle of self-help. Assistance has not been given in money, but in kind. The aim is to help the individual in his own efforts to improve his economic security and well-being.

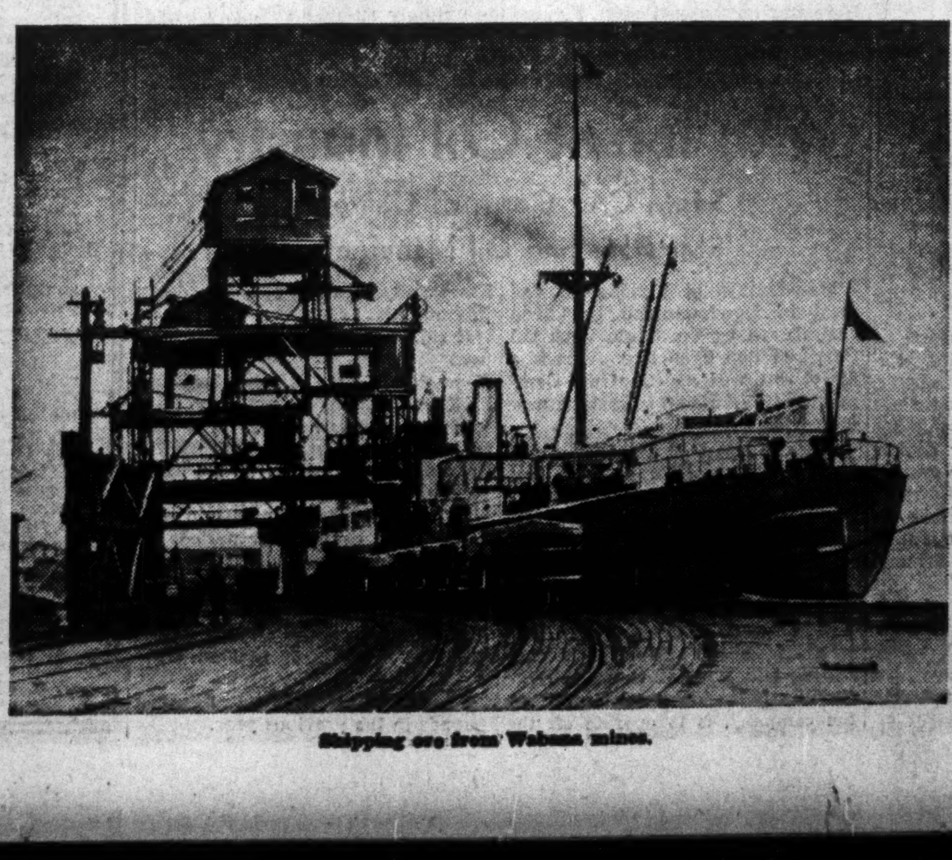
While the emphasis at the present time is on increasing production, other phases of the problem are being studied. The Department

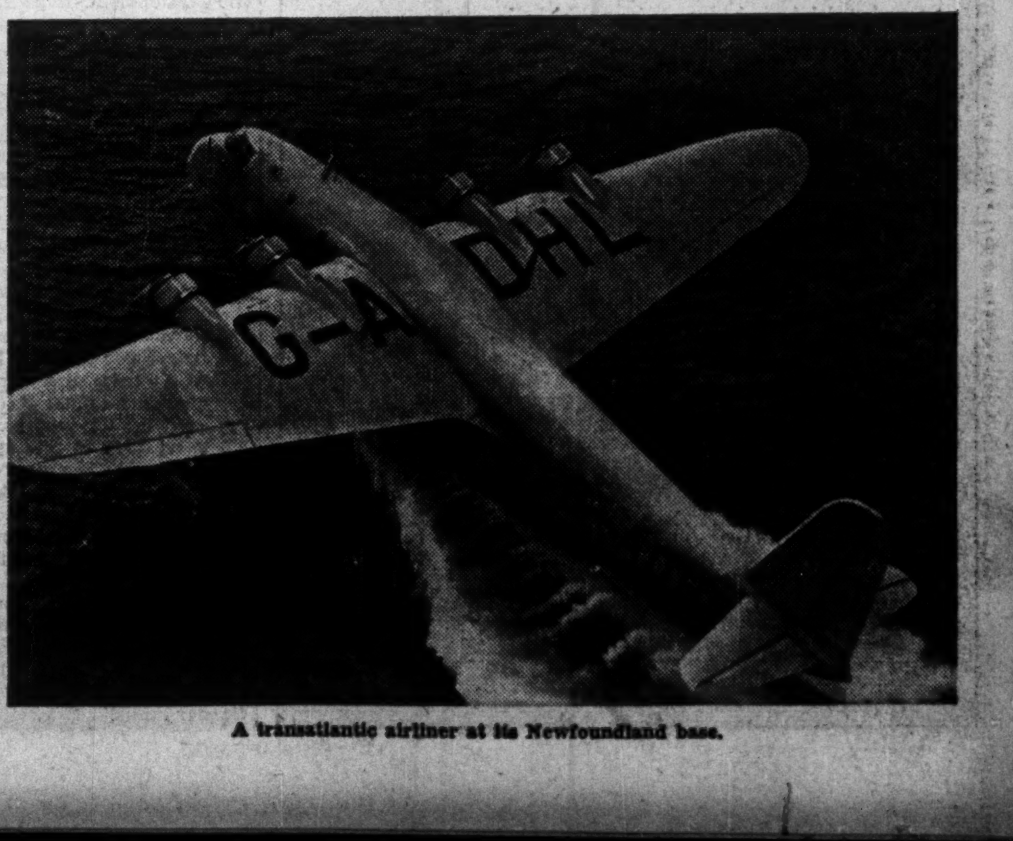
(Continued on page 20)

Salmon fishing—Newfoundland's streams are world famous.

Aloft in a Sealer.


Fish curing in coves along the rocky coast.


Shipping ore from Wabana mines.


A transatlantic airliner at its Newfoundland base.

Improving Finances Reflect Progress in Newfoundland

May Establish Fish Plant

General Seafoods Corp. Still Negotiating With Commission

General Seafoods Corp., large United States concern, has not definitely decided as yet to establish a plant in Newfoundland for the processing of fresh fish. The company is one of the 40 subsidiaries of General Foods Corp. of New York.

After months of negotiation, a preliminary agreement was entered into between the company and the Commission Government early in the year. The agreement provided notice of acceptance was to be given by March 31 and this was later extended to May 31. On the latter date the company asked for a further extension of time.

The reason for the delay is the absence of a ruling from U. S. authorities in Washington as to the application of U. S. tariffs on products from such a plant. Under treaty rights, United States enjoys fishing privileges off a section of the Newfoundland coast, known as the American shore. In the past, United States firms have shipped fish caught in this area, even though landed in Newfoundland, into the United States free of duty.

There is no doubt of the right of the company to ship fish caught by U. S. boats employing Newfoundlanders and processed at its factory in Newfoundland. The question, however, arises as to whether fish caught by Newfoundlanders from their own boats and sold to the company can be shipped in duty free. It is for a ruling in this regard that the company is waiting.

Actually such fish has gone into United States duty free in the past, but the company wants to be sure the interpretation will not be narrowed.

One reason for the delay in getting a ruling is that the question of fish imports may be covered in the triangular trade treaty being negotiated between Great Britain, the United States and Canada. Newfoundland officials have been keeping in touch with the parleys and watching for possible inclusion of a treaty clause that would affect the fish plant project.

The entire plan for the establishment of the plant hinges on the decision of the U. S. Department of Commerce. Should the decision be adverse, General Seafoods will not proceed with its plans. Tentative agreement with the government provides that trawlers may be used. The company must purchase 40% of the fish processed from Newfoundland shore fishermen.

General Seafoods does not intend to enter the salt codfish business, but will engage only in the fresh fish business. In fact, it will be interested mainly in salmon, haddock, flounders and rosefish and possibly in codfillets as well.

Plans as outlined to date call for the erection of a processing and cold-storage plant at Poile Bay on the south coast, between Port aux Basques and Ramea. Cost of the plant up to $200,000 is to be borne by the government and the unit leased to the company. Certain customs concessions are to be granted to the company and no state aid is to be given to any U. S. competitor for two years.

In addition to prosecuting the fresh fish business, General Seafoods plans to engage in the blueberry industry. Under the agreement it is to pay a tax of one-tenth of a cent per pound on blueberries exported.

The proposed plant would employ 250 persons. It would be equipped with modern freezing units and the usual facilities for packing. Bait would be kept in cold storage and issued to fishermen. Offal would be manufactured into meal.

The company has indicated a willingness to contract for no less than 10 million pounds of fresh fish, provided they are available.

From business interests, and especially from those engaged in the fresh fish and cold storage business, there has been considerable criticism of the proposed agreement between the government and the company. Local cold storage and fresh fish operators claim they should have been consulted, especially as their plants, which may be affected, represent an investment of $700,000.

Plan to Import English Rabbit

Newfoundland and Australia may soon be having a lot in common—rabbits. At a recent meeting of the Commission of Government proposals for the importation of a certain type of English rabbit were discussed.

This rabbit is reportedly good for both fur and food. Early pairs would be kept in captivity at the Experimental Farm until they had built up a substantial colony of Newfoundland rabbits.

"Should the experiment prove successful," a government statement declares, "the intention would be to distribute them in the same manner and upon the same terms as mink. If, as a result of enquiries which the Acting Commissioner for Natural Resources is undertaking, it should be found that no harmful results would follow the escape of any of these rabbits, the experiment will be proceeded with."

Deficit for Year is Below Budget

Revenues Show Substantial Increase

Budget results of the Newfoundland Government for the fiscal year which ended June 30 have exceeded expectations.

Final returns announced this week by Finance Commissioner J. H. Penson set the operating deficit for 1937-38 at $1,317,855, which is less by $2,161,317 than the deficit of $3,479,172 anticipated when the budget was drafted a year ago. This means a corresponding reduction in the amount required in British grants-in-aid. Such revenue-supplementing subsidies were agreed on when the Commission of Government took over in 1934.

The report shows that reduction of the deficit below expectations is due entirely to marked rise of revenues. Revenue of $12,275,456 was the highest in Newfoundland history and nearly $2.2 millions above estimate. Expenditures were announced at $13,593,311, only $37 less than the estimate for 1937-38.

Receipts of almost every government department exceeded both the budget estimates and collections in the preceding fiscal year. Customs revenue was above the estimate by nearly $500,000, and about $1 million over 1936-37 collections. This was partly as a result of increased administrative efficiency and more thorough enforcement of regulations. Income taxes and death duties amounted to about $200,000 more than expected, and excesses over estimates were also recorded by postal-telegraphs and liquor sale revenues.

The revenue spurt reflects the improvement in economic conditions during 1937 and the early part of this year, particularly in regard to the paper-making and mining industries, and some branches of the fisheries.

1938-39 Deficit Set Higher

Despite the excess of actual collections over the revenue estimate for the past year, the Government is continuing its policy of budgeting on a conservative basis. Commissioner Penson estimates the operating deficit for the coming fiscal year at $3,949,000, nearly half a million dollars higher than the estimate for last year and $2.6 millions greater than the actual net deficiency in 1937-38.

This estimate is produced by Commissioner Penson's calculation of expenditures for 1938-39 at $15,352,000, the largest total outlay ever planned for government administration in Newfoundland; and of revenues at $11,403,000, nearly $900,000 below actual collections during the past year. The caution in this regard is thought mainly inspired by the setback in improvement of conditions during the past few months, and the resulting combination of curtailed revenues with greater pressure for relief and reconstruction outlays.

When the budget was brought down a year ago, ordinary revenues were estimated at $10,114,176. This estimate was on a conservative basis. Although it exceeded the previous year by more than $1 million it was $880,000 lower than actual collections in 1936-37.

Receipts for the 11-month period ended May 31, were greater than the estimate for the entire year, amounting to $11.4 millions. This is an increase of $1.7 million over the corresponding period of the 1936-37 fiscal year.

There is no better index of business conditions in Newfoundland than customs returns and these show there has been considerable improvement in the past year, but there has been some falling off recently. Customs receipts in the first 11 months of the 1937-38 year were in excess of the budget estimate and were greater than the amount collected in the entire 12 months of 1936-37. For the 11-month period customs receipts amounted to about $8.3 millions, an increase of $1.2 million over the same period of 1936-37.

Expenditures Higher

Included in the budget estimates was an installment of $600,000 toward expenditures on the reconstruction programme. Estimates also included, for the first time, the annual sinking fund contribution of $868,000 arranged four years ago at the time of the Newfoundland debt conversion. The amount of this sinking fund contribution is equal to 1% of the 3% guaranteed stock into which the greater part of the old debt was converted.

The 1937-38 fiscal year has witnessed a new departure in the securing of aid from the United Kingdom. Previously, in addition to grants-in-aid to meet deficits substantial sums have, been borrowed from the Colonial Development Fund in order to meet the cost of certain projects. As at June 30, 1937, loans from the Colonial Development Fund totalled about $3 millions. Since this meant an increase in the debt burden the Commission Government decided to seek no further loan from the Colonial Development Fund except in special circumstances, as where the expenditure itself might be expected to be self-liquidating. The Secretary of State for Dominion Affairs of the United Kingdom approved this decision.

Thus, instead of an estimated expenditure $688,000 for the current fiscal year being provided by loans and grants from the Colonial Development Fund, the amount was only $159,000. The difference of $529,000 and the items of expenditure corresponding to this amount were treated as part of the ordinary departmental votes. In other words, Newfoundland is now getting paid through grants-in-aid what was formerly borrowed from the Colonial Development Fund and would ultimately have to be repaid.

A favorable factor has been the reduction in the number of persons on relief. Through the winter months the reduction averaged 20,000.

Included in the budget were several items which cannot be regarded as fully recurrent. The largest was special provision for the Newfoundland Railway, including not only capital expenditures but an additional $100,000 for working capital. Furthermore, $120,000 was provided as Newfoundland's share of the new airport.

Shown below are revenue and expenditure figures for the first 11 months of the current fiscal year, compared with the corresponding period of 1936-37.

Budget Results
11 Months Ended May 31

Revenue:	1938 $	1937 $
Customs	8,331,373	7,141,525
Posts & telegraphs	828,408	564,242
Assessor	1,291,431	1,012,572
Natural resources	200,219	269,893
Other revenue	812,546	726,650
	11,463,977	9,714,882
Expenditure:		
General	9,516,875	9,278,471
Debt charges	1,573,267	1,544,858
	11,090,142	10,823,329

1936-37 Fiscal Results

The deficit of the Newfoundland Government in the year ended June 30, 1937, was slightly over $2 millions, before taking into account the grant-in-aid or loans from the Colonial Development Fund. Total expenditures amounted to $13,039,130, or, excluding repayments of principal in respect of loans from the Colonial Development Fund, $12,977,343.

The deficit would have been much greater except for improvement in revenue over 1935-36. Ordinary revenue increased $1.1 million to $10.9 millions.

Public Debt

The total public debt of Newfoundland on June 30, 1937, exclusive of small unredeemed balances of loans past due amounted to £20,319,138, of which £17,783,855 consisted of 3% guaranteed stock. Loans from the Colonial Development Fund incurred by the Commission Government totalled £602,388, or approximately $3 millions.

During 1937, the Commission Government agreed to reduce to $1 million the liability of the city of St. John's, which forms part of the funded debt of Newfoundland. At the same time settlement was made of other matters concerning the financial relations between the Government and the city.

GOVERNMENT ACCOUNTS
Revenue

	1936-37 $	1935-36 $
Finance	232,207	358,445
Customs	7,596,528	6,784,607
Posts & telegraphs	978,875	655,027
Assessor	1,184,034	1,226,524
Home affairs	1,560	2,487
Education	19,647	77,103
Justice	5,592	5,194
Natural resources	342,417	168,986
Public works	114,268	111,339
Health, welfare, pensions	110,541	116,105
Liquor Board	270,000	275,000
Colonial Development Fund	139,995	49,194
Total ordinary revenue	10,995,664	9,830,011
Grants-in-aid	1,547,169	
Free grants	21,862	
Repayable advances	832,356	
Grand total	13,397,051	

Expenditure

	1936-37 $	1935-36 $
Public debt service	3,027,188	3,053,876
Statutory salaries	41,140	41,140
Total consolidated fund exps.	3,068,328	3,095,016
Finance	768,671	941,795
Customs	268,448	268,741
Posts & telegraphs	713,542	671,779
Assessor	18,293	21,501
Home affairs	53,016	41,932
Education	1,056,681	956,168
Justice	543,162	542,957
Natural resources	793,133	830,646
Public works	1,688,555	1,682,895
Health, welfare, pensions	3,132,884	2,797,577
Liquor Board	53,569	58,886
Colonial Develop. Services	880,848	1,098,313
Total supply services	9,970,802	9,913,190
Grand total	13,039,120	13,008,206

Whaling Industry Vanishing

As an industry, whaling has disappeared in Newfoundland, the only company to prosecute this field in recent years, the Newfoundland Whaling Co., being in liquidation at present.

Prior to the Great War, whale fishing was an extensive industry, but at that time it became over-expanded and prices dropped sharply in the post-war period.

In recent years the price of whale oil has been at a particularly low level as there has been a very large surplus of stocks. At the present time whale oil is selling at around three and four cents a gallon.

Lumber

Lumber Output is Almost Entirely for Domestic Consumption

Although there are great reserves of forests, lumber industry in Newfoundland is not highly developed. Numerous small mills are scattered throughout the country, but the amount of manufactured lumber exported is very small.

In the year ended June 30, 1937, 299,498 feet of hardwood was shipped to Canada and 488,500 feet of lumber to St. Pierre.

During recent years, the lumber industry in Newfoundland has had to contend with low prices. Owing to the poor returns from the fishery, many men have turned to producing lumber in small mills, with a resultant flooding of the market. Much of this lumber is of an inferior quality, but it sets the price for all types of lumber.

The actual production of lumber in 1937-38 was less than in previous years due to the increase in round timber cutting for export. Toward the end of the year prices improved. However, there is need for grading rules so that the better class of lumber manufactured to proper standards can command a higher price than the inferior article.

One development of the lumber industry has been trade in pitprops with the United Kingdom. The principal factor in this phase of the business is the Labrador Development Co., which operates in both Newfoundland and Labrador. Business of this company increased in 1937 and further expansion in sales is looked for in the current year. Exports of pitprops in the year ended June 30, 1937, totalled 58,716 cords.

St. John's Cuts Its Debt

Liability to Government is Reduced — Services Being Extended

The City of St. John's, oldest municipality in North America, is the centre of Government for Newfoundland and the hub of the widespread fisheries industry.

The bulk of commercial and industrial life of Newfoundland centres about it. More than 40 industries are located in the city. It also houses the chief branches of the four Canadian banks which serve Newfoundland and is the home of the Newfoundland Savings Bank.

Blessed with a natural, landlocked harbor, St. John's is the centre of the shipping and most of the exporters and importers are located there.

It boasts a number of outstanding institutions, including the governor's residence, government buildings, the Newfoundland Hotel and a number of schools and colleges.

The city is served with hydroelectric power supplied by the Newfoundland Light & Power Co. in conjunction with the United Towns Electric Co. Gas for residential and industrial purposes is supplied by the St. John's Gas Co. and telephone service by the Avalon Telephone Co. Water supply is secured from Windsor Lake, five miles from the city.

St. John's has elected its own city council since 1888 and is the only community on the island with a municipal government. A. G. Carnell, the mayor, was elected by acclamation in 1937 for a four-year term.

During 1937 the Government agreed to reduce to $1 million the liability of the city for the sum of $1,648,904. At the same time settlement was made of other outstanding questions concerning financial relations between the Commission Government and the city.

The city has a debt of $1,852,950, the major portion of which is owing to the Newfoundland Government.

Cable Address: Hickman

A. E. Hickman Co., Limited
St. John's Newfoundland

Exporters and Importers
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Coal Importers
Steamship Agents
Insurance Agents
Distributors' and Manufacturers' Commission, Forwarding and General Agents
Wholesale Importers of All Kinds of Food Stuffs, Feeds, Hardware, etc.
Exporters of Fish and Fish Products
Agents Ford Motor Company
Open to represent Manufacturers

Newfoundland's Premier Departmental Store

Supplying Every Need for the Home and Every Member of the Family Most Economically

Sole Agents in Newfoundland for

Philco Radios and Tubes — The World's Best.
Miner Rubbers — The Fisherman's Choice.
The Century Insurance Co., London, England
(Fire, Automobile, Accident, Plate Glass, Sprinkler Leakage, Burglary, etc.)

The Royal Stores, Ltd.
THE HOUSE FOR VALUE
St. John's - - - - Newfoundland

The Bowater-Lloyd Proposal

Dream of Newsprint Mills is Shattered Alternative Offered

Newfoundland's hopes for a pulp mill on the Gander timber limits on the east coast have been shattered.

For years, Islanders have been looking forward to the day when a pulp mill would be built on these limits. On several occasions in the past, the construction was planned, but on each occasion it was shelved for one reason or another.

Hopes were again raised this year when the Bowater-Lloyd pulp and paper interests of England entered into a tentative agreement for the purchase of the Gander limits from the Reid-Newfoundland Co. and for the erection of a sulphite mill.

Bowater Buys Mill

However, the Bowater-Lloyd group decided not to proceed with the deal, announcing that it was negotiating for the purchase of the Cornerbrook mill of the International Power & Paper Co. of Newfoundland. This deal has since been completed.

As a result of the deal, Bowater secures a mill with a daily capacity of 580 tons of newsprint, a barking plant and a 156,000 h.p. hydro-electric development. In addition it gets two paper-carrying steamships a limestone quarry and other incidental properties.

Timber resources consist of 1,700 square miles, and another 5,600 square miles are under crown license, the total stand being estimated at 13.5 million cords of pulpwood.

While a mill on the east coast now appears to be out of the question, there is still a distinct possibility of considerable logging activity on the Gander limits.

Conditional upon the purchase of the Reid-Newfoundland limits at a reasonable price, Bowater is willing to increase the present sulphite capacity of the Corner Brook mill by 226 short tons of pulp per day if given the right to export pulpwood. Under this arrangement, Bowater would be willing to undertake to cut for export a minimum quantity of 50,000 cords annually for a number of years.

One of the advantages of this scheme is that no additional railway facilities will be required, other than sidings or short lines which might be required to operate the Gander limits.

Without doubt, the decision not to proceed with a mill on the Gander limits is a disappointment to Newfoundland. However, if the Reid-Newfoundland limits are acquired, the total amount of employment provided will be about the same as under the original scheme. Extension of the sulphite mill at Cornerbrook will provide employment for about 80% of the number of men that would have been employed at the proposed mill at Hare Bay. Furthermore, export of a minimum of 50,000 cords of pulpwood annually, which was not provided for under the Gander scheme, will give employment to 1,500 men during the cutting season and a substantial number at other times.

A number of factors were involved in the decision of Bowater to purchase the Corner Brook mill rather than to erect a new mill at Hare Bay on the east coast. Financing of the Gander scheme involves difficulties. Another factor has been the matter of cost. The company can manufacture sulphite at Corner Brook for at least $5 to $6 a ton cheaper than at Hare Bay. Then, again, extension to the mill at Corner Brook will only take a year to complete whereas the proposed mill at Hare Bay would have taken at least 2½ years.

Benefits to Newfoundland arising out of the purchase of the Cornerbrook mill by Bowater will depend upon the willingness of the Reid-Newfoundland Co. to sell its Gander limits at the price offered and upon acceptance by the Government of the alternative scheme. If Bowater is able to secure a greater market in England for newsprint produced at Corner Brook there may be more stability in operations of the plant.

Assuming the Reid-Newfoundland Co. is willing to sell its limits at the price offered, it is likely the Commission Government will accept the alternative scheme. In view of the rejection by Bowater of the proposal to build a mill on the Gander limits because of the difficulty in financing and the cost involved, it is unlikely another company could be found that would be willing to proceed with such a project.

An Infant Oil Industry

Santa Cruz Corp. of California Starts Herring Oil Manufacture

Manufacture of herring oil and meal in Newfoundland has been commenced by the Santa Cruz Oil Corp., of San Francisco. This is a direct result of efforts of the Commission Government in seeking new industries.

Initial operations are on a small scale and are of an experimental nature, but hopes are held that this operation will grow into an industry of major proportions.

At the moment it is impossible to indicate whether the results of operations will be favorable as production did not commence until last winter when the best of the herring fishing was over. However, a large floating reduction plant, owned by the company, is to operate off the Newfoundland and Labrador coasts this summer.

If results are satisfactory, permanent factories will be established. These would have a guaranteed annual production of not less than 800,000 barrels of herring. In return for the establishment of factories, the Government will give the company exclusive right to manufacture herring oil and meal in certain sections of the country for periods of 12 to 15 years.

The development comes at a time when the herring industry is at a low ebb, although production in 1937 was higher than in 1936. Output of all cures last year was 8,039,325 pounds as against 6,745,080 pounds in the previous year.

Does Your Will PROVIDE

. . . or merely divide?

YOU intend that Your Will shall provide for your dependents. But changes in their requirements and in your purposes may have made Your Will obsolete. Instead of providing, it may merely divide. You owe it to your loved ones to make, now, an analysis of Your Will in the light of changed conditions, and in view of the onerous and involved nature of estate administration great consideration should be given to the selection of the executor.

We should be glad to discuss this important matter with you, and as Executor or Trustee under Your Will offer efficiency, integrity, and permanence. *The latest edition of our booklet, "Your Will," provides many helpful explanations.* We will be glad to send you a copy upon request.

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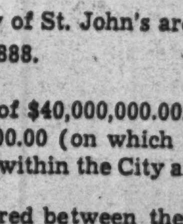


CITY OF ST. JOHN'S

NEWFOUNDLAND

Facts About St. John's

The following facts concerning the City of St. John's are of interest:

First elected council took office in 1888.

Present population of City: 44,000.

The City has a Property Valuation of $40,000,000.00.

Annual Rental Valuation: $2,192,000.00 (on which taxation is based).

Fire Insurance Premiums collected within the City amount to approximately $450,000.00 annually.

The City Debt: $1,852,950.00, incurred between the years 1888 and 1932. The major portion of the debt was used in rebuilding the City after the disastrous fire of 1892. This debt is due to the Government of Newfoundland. Note that the debt in over forty years has amounted to less than one year's rental of City property.

WATER SUPPLY

The water supply is secured from Windsor Lake, situated five miles from the City of St. John's. The elevation of the lake is 500 feet above the City. Area of watershed: about twenty miles. A practically inexhaustible supply of first-class water is available for all requirements. Water pressures all over City are maintained at 80 to 130 lbs., which ensures ample fire protection. Although the supply is capable of giving 20,000,000 gallons per day, the average daily consumption at present is only 7,000,000 gallons.

In addition to the main water supply, an auxiliary supply is situated at George's Pond. This, however, is only used in case of emergency.

POWER AND GAS

Hydro-electric power is supplied by the Newfoundland Light & Power Company in conjunction with the United Towns Electric Company, Ltd., at a low rate. Ample power is available for future development.

St. John's Gas Company. New capital has been acquired to increase the scope of the company's activities and to supply gas to residences and for power purposes.

STREETS

Fifty miles of macadam roads; 2 miles paved roads; over 13 miles of concrete walks. Both concrete walks and paved roads will be increased in the very near future.

BANKS

Branches of the following Canadian banks are located in St. John's:—Canadian Bank of Commerce, Bank of Montreal, Bank of Nova Scotia, Royal Bank of Canada; also Head Office of the Government of Newfoundland Savings Bank.

EDUCATIONAL

The following are some of the City's well-equipped educational institutions:—Memorial University College, Bishop Field College, St. Bonaventure's College, Prince of Wales (United Church) College, Bishop Spencer College, K. of C. Memorial School, Presentation Convent Schools, St. Patrick's Hall and Holy Cross Schools.

MANUFACTURING

Some of the leading industrial firms are:

United Nail & Foundry Company
Standard Manufacturing Company
Horwood Lumber Company, Ltd.
Wm. Dawe & Sons, Ltd.
Purity Factories, Ltd.
Browning-Harvey Factories
Colonial Cordage Company
Newfoundland Boot & Shoe Factory
Parker & Monroe's Shoe Factory
Newfoundland Clothing Company
White Clothing Company
Newfoundland Butter Company
Harvey-Brehm Butter Company
Imperial Tobacco Co.
Newfoundland Brewery
Bennett Brewing Company
Riverside Woollen Mills, Ltd.
Lawrence's Carriage Factory
Carnell's Carriage Factory
Pope's Furniture Factory

Head offices of the United Towns Electric Company and Avalon Telephone Company, Ltd., are situated in St. John's.

HARBOUR and SHIPPING

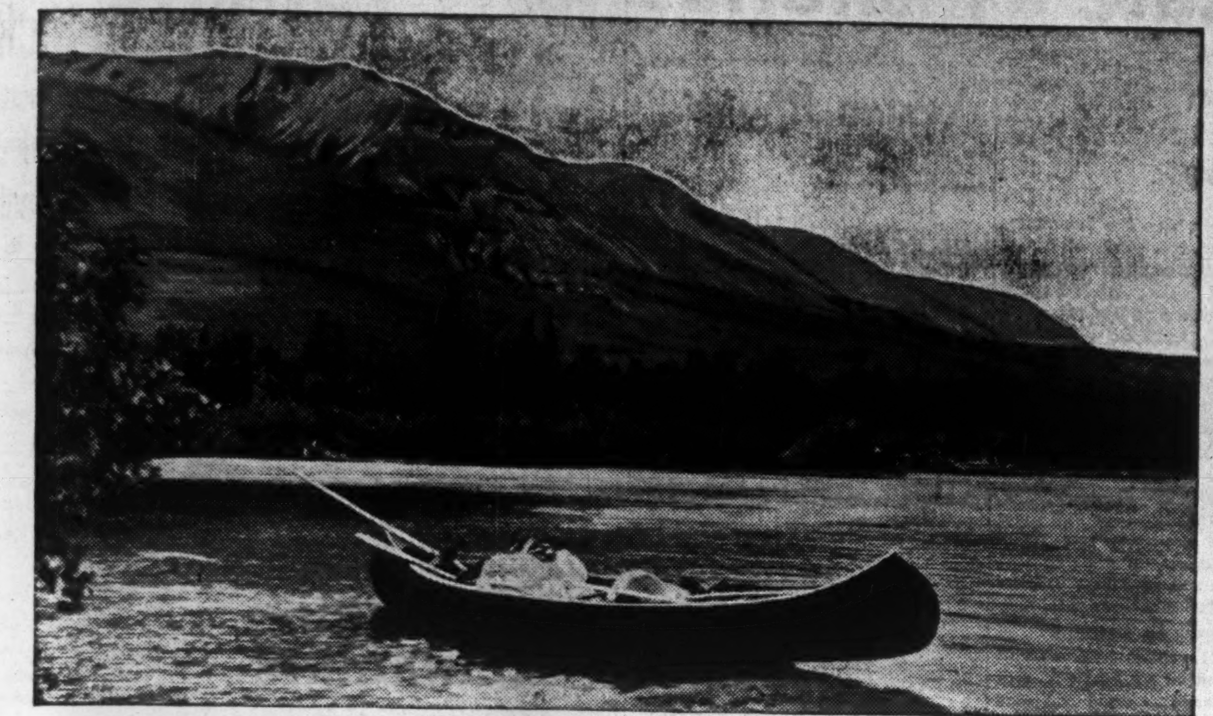
900,000 tons.

St. John's land-locked harbour is one of the best on the Atlantic sea-board.

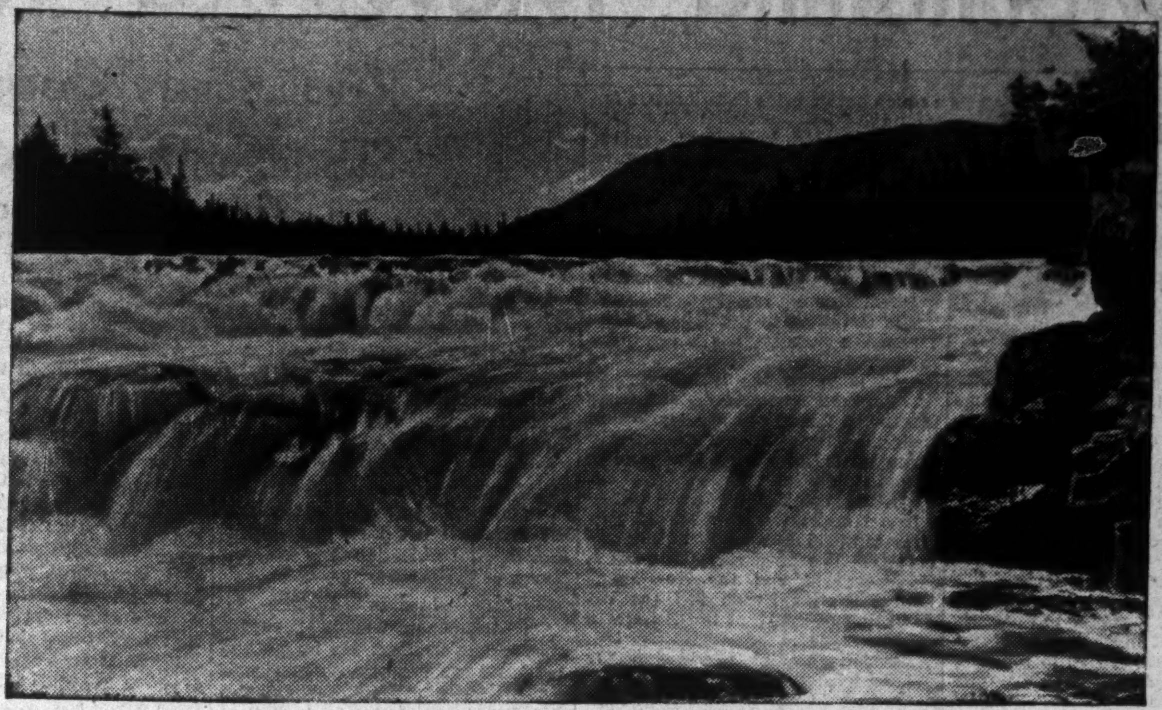
All steamers must pass St. John's on the way to and from Canada, the United States and Europe.

ST. JOHN'S MUNICIPAL COUNCIL

Mayor: ANDREW G. CARNELL
Councillors:
J. R. CHALKER *(Deputy Mayor)*
J. T. MEANEY,
J. P. KELLY,
J. M. TOBIN,
J. J. SPRATT,
KENNETH RUBY,
City Clerk: J. J. MAHONY, J.P.



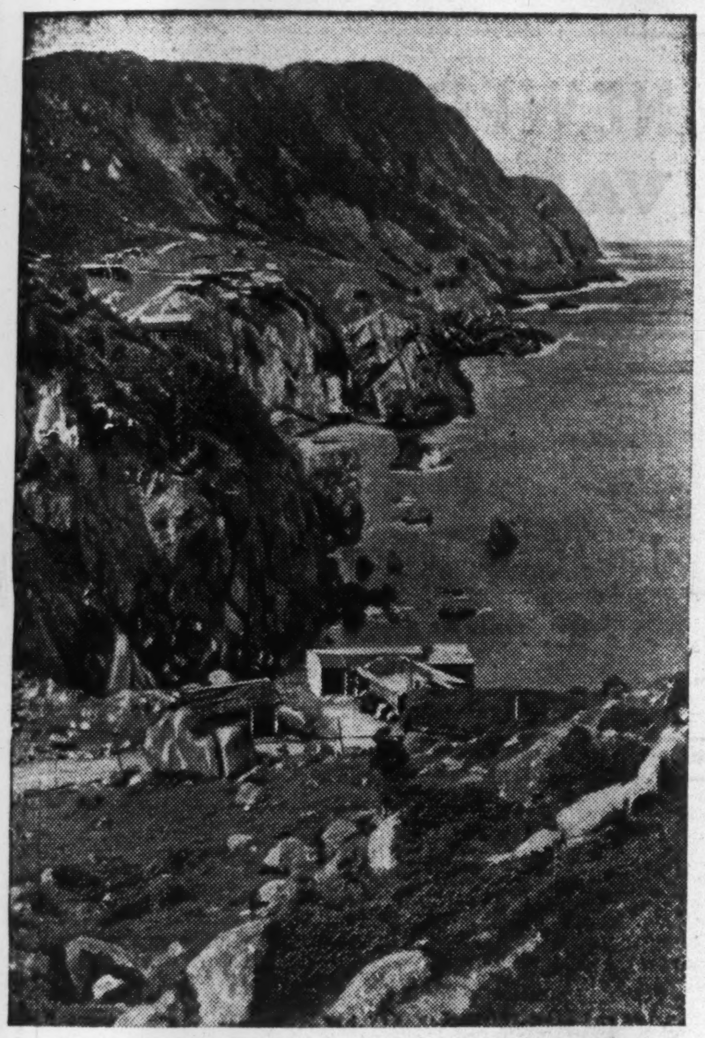
Along Serpentine River



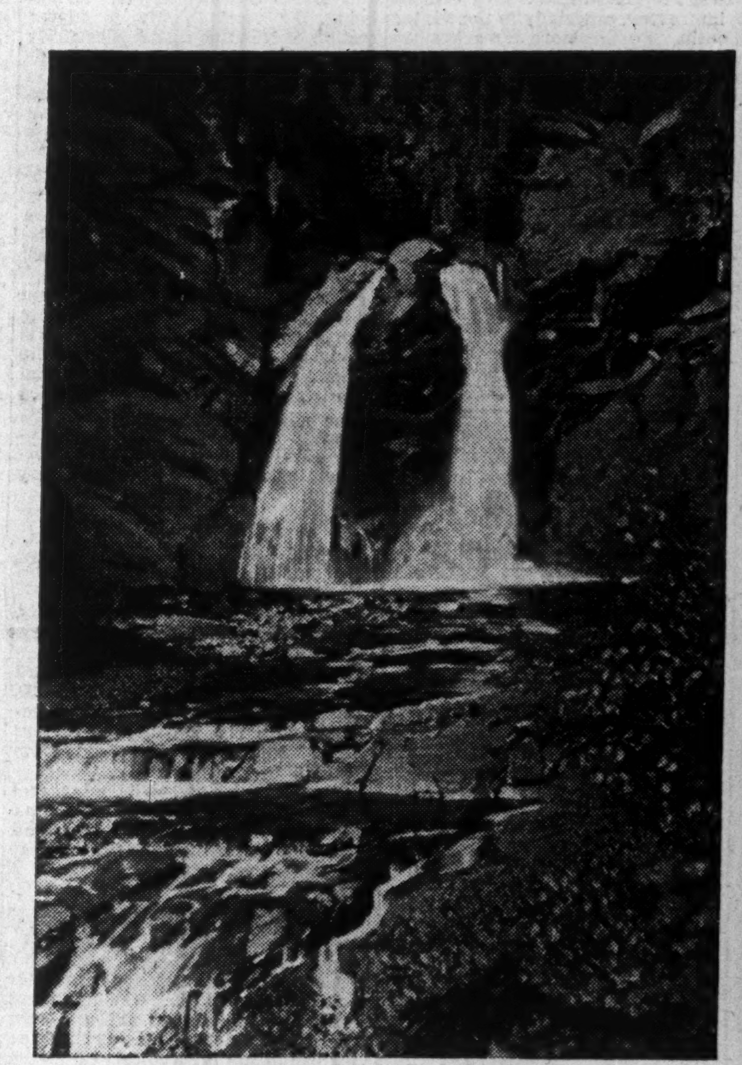
Big Falls on the Serpentine

NEWFOUNDLAND

A Vacation Paradise



Coastline at Logey Bay



Falls on Canyon Brook

WHERE the Old World meets the New World! The Cross Roads of the Atlantic! England's Oldest Colony! These are just some of the titles describing Newfoundland, the new found sports-land of America and Europe. Lying as it does, a pleasant sea-ride from both England and the United States, Newfoundland has much to offer the traveller. Unspoiled beauties of nature, unsurpassed fishing, that is the story of The Great Island, the "Norway of America."

FOR THE SPORTSMAN

For the sportsman or sportswoman great trout and gleaming salmon abound. Most countries advertising fishing do so with the hopes that somewhere within their boundaries the enthusiast may not be disappointed. But in Newfoundland trout abound in every lake and stream and in season the salmon run in the streams in silvered thousands. From the eastern reaches of the Avalon Peninsula to the broad expanse of the western rivers access to the trout and salmon streams is comfortable and easy whether by rail, water or motor car.

FOR THE HEALTH

Bracing sea breezes temper the warm summer days in Newfoundland and offer comfort to the sufferer from hay fever and other allergies. Golf and tennis courts are available and the summer season offers entertainment and relaxation. Beaches within a short distance from St. John's offer pleasant holiday attractions with hotel facilities at a moderate price range.

HOW TO COME

From the west or from the east Newfoundland is easy of access. Ships sailing from Halifax, Boston, New York and Liverpool enter the deep harbour at St. John's. On the west coast one can land at Port-aux-Basques or Corner Brook and travel through the deep forests to the east coast in the luxurious comfort of the transislandic railway. Many travellers traverse the island entering or leaving by one of the western ports.

HISTORIC NEWFOUNDLAND

When the traveller comes to Newfoundland he comes to England's First Colony and the beginning of the British Empire. Ancient guns still on their carriages dominate the narrow approaches from the sea and the masonry set by the hands of long dead engineers still faces the rocky cliffs of St. John's. The past still lives in the narrow cobbled streets of the Capital city, still casts its aura over the ancient town. Come and live it.

Information on travel, fishing and other sports will be gladly given by the Newfoundland Tourist Development Board, Board of Trade Building, St. John's, the Newfoundland Railway, the Newfoundland Information Bureau, British Empire Building, New York City, or any Travel Agency.

Cataract Bridge and Gorge, Placentia Road

A Cove on Conception Bay

Newfoundland Moves to Rehabilitate Fisheries

Fresh Fish Increase

Better Demand Seen for Fresh and Frozen Product

One phase of Newfoundland's fisheries that has shown very definite improvement in recent years has been the fresh fish business.

Fisheries to the Newfoundlander mean cod. However, in recent years there has been considerable development in the fresh fish business and it appears this will be an increasingly important branch of the fisheries.

The development in the fresh fish business is important for several reasons. First, it serves to diversify the products of the fishery. Second, it yields a higher return to the fishermen engaged in the business. Prices for fresh fish are considerably higher than for fish in salted form.

An important part of the fresh fish business is the trade in salmon in fresh and frozen state. In 1937, exports of fresh and fozen salmon increased by 800,000 pounds to 3.7 million pounds. Furthermore, prices were slightly higher than in 1936. A large market for frozen salmon has been developed in the British market and some fresh salmon is shipped in ice to Canada.

Exports of Smelts Up

A comparatively new development in the trade is frozen and fresh smelts. These are sent to the United States market. Last year, exports of this product increased by 187,000 pounds to 457,950 pounds.

In the past, export business in fresh codfish has been very small. Cod deteriorates more rapidly than other types of fish. However, the market for fresh and frozen codfish is improving, especially in the winter months. Furthermore, a market has been developed in cod fillets, which is a new departure. Last year exports of fresh and frozen codfish and fillets increased by 325,000 pounds and 650,000 pounds respectively.

Fresh Lobster Trade

A few years ago Newfoundland's production of lobsters was almost entirely from the canneries. Now the trade in canned lobster has dwindled and a good market has been developed for fresh lobster, chiefly in the United States. This has been an important development for fishermen as fresh lobsters bring a much better price than lobsters for canning.

The increase in lobster exports last year was a noteworthy feature of the fishery. Exports of fresh and live lobsters increased from 207,604 pounds in 1936 to 785,604 pounds in 1937. Prices were satisfactory, reaching a peak of 14 cents and averaging about 10 cents a pound to the fisherman.

The outlook for the lobster fishery in the current year is not quite so good. The price, nine cents a pound, is below the 1937 level. In the Port aux Basques district some 600 to 700 fishermen are marketing their live lobsters co-operatively through the Boston firm that handles live lobsters caught by the co-operative societies in Nova Scotia.

The Newfoundland catch of lobsters cannot be expected to increase greatly. The need for conservation is recognized and the Newfoundland Fisheries Board has the co-operation of many of the fishermen in this regard.

Newfoundland's production of canned lobster decreased from 17,805 cases in 1936 to 14,552 cases in 1937. This is largely due to the smaller catch in the St. Barbe district where fall fishing was prohibited. Prices for canned lobster are also lower.

Comparative figures of exports of fresh fish are given below:

Frozen and Fresh Fish Exports

	1937 (pounds)	1936 (pounds)
Smelts	457,950	270,145
Codfish	358,157	26,097
Codfillets	689,249	38,755
Salmon	3,705,083	2,900,859
Lobsters	785,144	207,604

United Towns Electric Revenues Improve

Revenues of United Towns Electric Co. improved slightly in 1937, amounting to $173,539 as compared with $166,336. Profits after bond interest, depreciation and all other charges amounted to only $3,187.

The company serves the Avalon and Burin Peninsulas, the former being the most thickly populated section of Newfoundland. Electricity is supplied retail to over 90 communities and power is supplied in bulk to the Newfoundland Light & Power Co., St. John's. Population of the areas served by the company exceeds 110,000.

The company operates five hydro-electric plants with a total capacity of 10,500 h.p. It has in operation approximately 500 miles of transmission lines and serves over 6,000 customers.

The company has outstanding $553,500 of 6% first and refunding mortgage bonds. Consideration is being given to the possibility of the refunding of these. Share capital consists of $50,000 of 8% cumulative preference stock, $450,000 of 7% cumulative preference stock, $453,430 of 7% non-cumulative preference stock and $152,400 of ordinary shares.

Liquor Control Board Profits Show Increase

The importation and sale of spirits, wines and beers in Newfoundland is under Government control.

Sales of the Liquor Control Board increased the year ended June 30, 1937, amounting to $818,582 as compared with $777,705 in the previous year. Net profit increased from $232,701 to $264,714.

Import duties on spirits, wines and beers totalled about $340,000. Thus, the total net profit to the island from the liquor business for the year was about $600,000.

Insurance Companies Aid Health Work

Canadian life insurance companies doing business in Newfoundland have just contributed $1,000 toward the cost of a portable X-ray machine for use in the tuberculosis campaign to be conducted in the Trinity Bay and Conception areas commencing July 1, the Commissioner for Public Health and Welfare recently told the Commission of Government.

THE **White Clothing Co.** LIMITED

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Ready-to-Wear Clothing for Men, Women and Boys

Samples solicited from Canadian and American Mills of Cloths, Leathers, etc.

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ST. JOHN'S
NEWFOUNDLAND

Revolutionary Changes are Proposed
Subsidies Urged for the Fisherman

The Commission of Enquiry into the seafisheries of Newfoundland and Labrador, in its final report last year, recommended that the primary effort of the Commission Government be directed to the rehabilitation of the fishing industry.

Although they form the largest and most important section of the population, the earning power of fishermen is lower than that of any other class. Thus, as the Commission of Enquiry points out, any attempt to improve the economic welfare of the country must begin with determined efforts to increase earning power of the fishermen.

Cash Income Is Low

The fisherman usually pays for his supplies in kind. He builds and owns his own house, cultivates a plot of land which yields vegetables and is able to obtain food, such as rabbits and birds, and firewood at little cost. Thus he has been able to live on a very small cash income. His earning power depends primarily on two factors: first, the quantity of fish caught, and second, the price at which the catch is sold. These are highly variable factors over which the fisherman has no control. If the catch is average, the earning power may be good, provided price is on a reasonable basis.

Earnings of Fishermen

In recent years the price has been low and in many cases the catch has also been small. Evidence submitted to the Commission of Enquiry indicates that the catch of a man engaged in hook-and-line fishing is from 25 to 50 quintals per man, while a shareman's earnings are from $70 to $150. Men engaged as sharemen with a trap crew appear to average from $100 to $200. Sharemen with floaters secure from $50 to $280. Members of the crew of a banking vessel earn about $180 for a reasonably good voyage.

These earnings are small compared with those of people in most occupations. However, evidence shows most fishermen think an average income of $250 per annum from fishing, coupled with their other resources, is reasonably satisfactory earning power for a man with a wife and two children.

Suggests Bonus

To date only minor sections of the Commission of Enquiry's report has been implemented, but many of its proposals are still receiving the consideration of the Commission Government. After reviewing in detail every phase of the codfishing industry, the Commission made a number of proposals which would involve substantial financial outlay by the Government.

The main proposal in this regard was for a bonus during the 1937-38 season in the form of subsidies on codfish caught. This recommendation was not implemented, but demand has arisen for a bonus this year because of the situation that has developed as a result of the loss of the Brazil market. While no announcement has been made, The Financial Post was informed the Government is not favorable to the proposal. There is a feeling that it would be inadvisable to encourage production by subsidy. The cost of the bonus was estimated at $800,000 a year.

Would Reduce Relief

In support of its proposal the Commission of Enquiry pointed out the bonus would substantially reduce the amount of direct relief. The effect of the subsidy, it declared, would be felt in every nook and corner of the island. It would encourage the fisherman to continue his efforts to be independent of Government relief. With payment based on quality, it would induce a better cure. Furthermore, it would dispose the outfitter to extend the scope of his supplies at the commencement of the season, and thus provide some of the equipment necessary to enable the fisherman to proceed with his work.

Evidence satisfied the Commission that the rooms, stages, boats and gear of many deserving fishermen were in such a deplorable condition that they could not pursue their calling. It recommended the Government establish a fund of $400,000 from which advances could be made for replacements.

Would Liquidate Debts

Many fishermen are heavily in debt to outfitters and merchants; the Commission suggested something be done to lighten this burden. It recommended the insolvency laws be simplified and a fund of $250,000 established for loans to fishermen to enable them to effect a compromise arrangement with their creditors.

In addition to proposals for a bonus and loans as mentioned above, the Commission made a number of proposals, which it estimated would necessitate an annual outlay of $370,000. They included establishment of a fisheries department by the Government, provision for greater inspection and control over culling, standards for exports, distribution of salt and cultivation of new markets. A contributory scheme of insurance against failure to catch, accident, loss of life, boats and gear, based upon Government contribution of 10 cents per quintal, was also proposed. This, it is estimated, would involve the Government in an expenditure of $120,000.

Use of Trawlers

A number of proposals are made with a view to improving production, curing methods, standards for exports. The Commission states the catch per man can be increased by improvements and replacements, and by improvements of fishing conditions. As regards trawlers, it states the operation of steam trawlers out of Newfoundland is still in the experimental stage. While large catches have been made and the wages earned per man are more than in other form of fishing, its success, financially and otherwise, in competition with the inshore fishery, has yet to be demonstrated. It suggests the present experiment of Crosbie & Co. with steam trawlers be watched closely.

In connection with fish caught by the trawlers which are thrown back into the sea, the Commission points out a profitable market for this fish in fresh form might be developed if means of transport could be arranged. At present all except codfish are returned to the sea by the trawlers.

Many Types of Cures

The effect of the individualistic character of the Newfoundland salt codfish industry is that there are a great many types of salt codfish produced, some intentionally and others through lack of control of the curing elements. Some of the poorer types are the result of neglect.

There are four main classes of quality or cure which the fishermen endeavor to secure. One of these classes, the pickled fish prepared especially for Spain, is not produced in any other of the salt codfish countries. Another class, the light salted hard dry, is produced only in one other country, namely Canada. The other two classes are the heavy salted hard dry and the heavy salted, partially dry, known as "Labrador," and these are similar to the types produced in those countries which are the chief competitors of Newfoundland. In these countries curing is done at central stations and in accordance with government regulations.

Would Issue Regulations

In order that a more uniform and a superior product may be secured, the Commission suggested the best formula for curing the various types be determined and this information made available to all fishermen curers. It also proposed that stages and flakes be examined with the purpose of ascertaining the type of construction, arrangement and appliances most suitable. It would have the Government issue rules and regulations for the proper care and treatment of stages and encourage central establishments for the curing of heavy salted fish.

Asks Government Culling

In order that quality of the product exported may be improved, the Commission proposed a system of Government culling be instituted and that all sales of fish take place under the supervision of Government cullers.

There is much improvement to be made in the method of packing fish. The report states an attempt should be made to control the size and type of package to each market, the suitability and dryness of the material used in the construction of packages, and the method of packing.

Continuance of at least partial control of marketing, as now exercised by the Newfoundland Fisheries Board, is recommended. In the opinion of the Commission, the judicious exercise of control, its extension to other markets, and even, eventually, complete control, are likely to bring an improvement that will rebound to the benefit of the greatest number of those concerned in the industry.

Prices of Supplies High

Although prices of supplies in some localities are undoubtedly high, the Commission was unable to suggest an alternative method. It did, however, suggest improvements regarding the price of supplies and credit might be made by the following:

(1) The exercise of more wisdom by merchants in the issue of credit.

(2) The purchase of goods by fishermen for cash, wherever possible.

(3) Posting in all stores a list of the cash sale prices of goods.

(4) Posting in all stores a list of prices paid for produce.

(5) Posting once a week in all telegraph offices throughout the country a list of the retail prices in St. John's, for the major items of a fisherman's outfit and diet.

(6) Payment to fishermen, in cash, of balance due, whenever demanded.

Asks Compulsory Accounts

The Commission found that in some cases suppliers do not give a fisherman an account for his supplies until the end of the season. Many fishermen do not know the prices they will be charged, nor do they know at what price their produce will be credited. Some of them do not care as long as they get supplies. It is only at the end of the season they are told whether or how much they are in debt, sometimes by account, and sometimes verbally.

The Commission recommended that it be made compulsory for suppliers to issue detailed accounts with every batch of goods supplied and a proper receipt for all fish taken in.

The report states that the absence of community effort prevents the people from taking full advantage of the resources that nature has placed at their disposal. The opinion is expressed that the people could derive more benefit from the by-products of fishery if the work of preparation and treatment was undertaken by a community instead of individuals. It suggests conversion of fish offal into cattle and poultry feed may be feasible in many fishing settlements by community effort. Community canning plants should also be possible.

Avalon Phone Expands

Plans to Install Wireless Service to the Mainland

Operations of Avalon Telephone Co. have shown improvement in each of the past three years. Net profit in 1937 was slightly higher than in 1936, amounting to $51,022 as compared with $50,903.

The number of telephones in service has increased, the number of stations at the end of 1937 being more than 7,800, the largest in the company's history. During the current year to date, there has been a further small gain in the number of telephones in service.

The company owns and operates the telephone system in the City of St. John's and surrounding district, extending to all principal points in the Avalon Peninsula. The population served is in excess of 100,000.

To Connect With Mainland

During the current year, the company expects to connect its telephone system with the mainland by means of wireless telephone. Plans are also under way for contact with other points of the island by the same method.

Early this year the company carried out a refunding operation, replacing its 5½% first mortgage bonds with a 4½% issue. The principal amount of bonds was increased from $698,000 to $800,000 in order to provide the company with additional working capital.

In February, the Commission Government granted the company an extension of its franchises from 1949 to 1977. In return, the company agreed to certain concessions regarding depreciation and obsolescence charges and dividend payments.

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ST. JOHN'S, NEWFOUNDLAND

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THE NEWFOUNDLAND LIGHT AND POWER COMPANY, LIMITED serves the needs of St. John's with electric lighting and heating, power to drive industries, and provides as well the street car service of the city. Power is also supplied for the Dominion Steel and Coal Corporation's activities at Bell Island.

In addition to the 7,000 h.p. development at Petty Harbor, some eight miles from St. John's, the company has completed a 5,500 h.p. hydro-electric development at Pierre's Brook. The installations are linked for greater efficiency, either plant automatically carrying the load, which can be switched from one to the other in a few seconds.

The present company was formed in 1924. In that year the number of light and power customers totalled 4,788. This figure has risen to over 9,000. The average growth of domestic consumers is between 300 and 400 yearly.

NEWFOUNDLAND LIGHT AND POWER COMPANY
LIMITED
ST. JOHN'S, NEWFOUNDLAND

Seal Fleet Catch is Doubled

Best Results Since 1934 Brighten Outlook for Business

The brightest spot in the fishery enterprises of Newfoundland in the current year has been the seal fishery.

The number of seals caught was more than double the 1937 catch and the largest since 1934. In fact it was the fourth largest catch that has been recorded in over 14 years.

In point of value, it was the best catch in many years, the value being $490,664, an increase of $285,642 over 1937. Records show there has been no catch since 1924, at least, that has had as great a value, the nearest being the 1930 catch which had a value of $405,809.

One More Ship

Eight ships sailed with the sealing fleet this year, one more than in 1937, and crews numbered 1,459 as against 1,305 last year. Five of the ships were owned by Bowring Bros., St. John's, two by Ungava Steamship Co., St. John's, and one was chartered by the E. S. Ullmann Syndicate of New York. Ships owned by Bowring Bros. accounted for 151,533 seals.

The Newfoundland seal fishery is a partnership enterprise between the owners of the steamers and the men. The former provide the boats, pay operating costs and supply rations. The crews receive as wages one third of the pelts brought in by their respective ships. Skins and blubber are not sold separately, but are paid for by weight.

This year as a result of the improved catch the men received larger shares than in many years. Of course a man's share depends to a large extent upon the luck of his ship. The crew of the S.S. Ungava received only $6.24 in 1937 as the ship was disabled early in the voyage and its catch as a result negligible. This year fortune favored the Ungava as it secured the largest catch, each man's share being $156.

While the increased value of the catch and the improvement in the men's share was for the most part due to the larger catch, a higher price for young harps and young hoods was also a factor. The prevailing price for young harps and young hoods was $5.50, an increase of 50 cents. Prices of bedlamers remained the same as last year at $3.25 and old harps and old hoods the same at $2.75. The increase in the catch was entirely accounted for by the increase in the number of young harps killed, 205,167 as against 88,747 in 1937.

A Yearly Rite

The Newfoundland seal hunt is a notable occasion. It usually begins early in March when the ships, decorated with bunting, steam in a line out of St. John's harbor. A band plays national airs on the pier, high dignitaries of state wish the men luck and guns fire a salute. The voyage usually takes from three to six weeks.

Seal fishery is not easy work. The men labor from daybreak far into the night. The seals are killed by a blow or two with a sealing bat. They are then cut open and divested of their pelts and their great coats of fat which are the only valuable parts.

When the ships return to port, cargoes are landed at warehouses where the fat is purified and refined and later exported. The skins are exported to Europe and the United States.

Of the total 1938 catch 141,533 seals were processed by Bowring Bros., St. John's; 64,433 by Job Bros. & Co. Ltd., St, John's; and 20,761 by the Fisherman's Union Trading Co. Ltd., Port Union.

Ice in St. John's harbor this year delayed the sailing of the sealing fleet until March 5 and the same conditions prevented the fleet from reaching the seals by March 14, the day for killing. On March 18, the seals were located.

Three Norwegian Steamers

In addition to the Newfoundland fleet three Norwegian sealing steamers took part in the seal fishery this year, as against only one last year. Two of these steamers secured a total of 31,000 seals. The third had to be abandoned and it sank with its 11,000 seals on board. Its crew of 52 was taken off by the S.S. Eagle of the Newfoundland fleet.

The auxiliary schooner "Young Hood" which sailed from Port Union secured 2,733 seals and the auxiliary schooner "Young Harp" from the same port secured 3,473 seals. The members of the crews received $68.41 each and $58.43 each respectively. The schooner "Leila Gillis" from Port aux Basques secured 241 young harps.

Comparative figures of the seal catch since 1925 follows:

Seal Catch

Year	Total Pelts No.	Value $	Men's Share High Ship. $	Men's Share Low Ship. $
1925	127,882	269,467	.....	....
1926	211,531	395,510	124.66	12.28
1927	180,459	297,422	.....	....
1928	227,022	394,163	80.96	35.38
1929	201,856	359,919	80.16	9.46
1930	241,236	405,809	105.68	5.49
1931	87,866	121,115	65.00	13.27
1932	48,613	53,367	.....	....
1933	176,046	191,911	93.48	24.42
1934	227,390	324,792	110.79	15.37
1935	143,031	173,754	.....	....
1936	183,689	224,495	70.23	30.94
1937	113,340	205,078	127.58	6.28
1938	226,747	490,664	156.39	80.60

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F.P., 1938

The Codfisheries Problem

Depressed Condition of Industry Presents Major Government Task

Newfoundland's principal industry, the codfishery, remains in a depressed condition and the immediate outlook is more discouraging than for a number of years.

In terms of value of production, the codfishery is not as important as the mining and newsprint industries, but in the matter of employment it is much more important. A large section of the population of the island is directly or indirectly dependent on the codfishery for its livelihood.

In recent years many difficulties have beset the codfishery, especially in the matter of marketing. This year they will be even greater. As a result of Brazil's action in sharply increasing the duty on codfish imports, it appears that Newfoundland will lose one of her most important markets. Brazil has taken on the average over 200,000 quintals of codfish, or about one fifth of the total catch of the island.

Brazilian Duty Heavy

Until early this year there was a duty of eight shillings a drum (128 pounds) on codfish imported into Brazil. This duty has now been increased to 17 shillings a drum and it is generally conceded this shuts Newfoundland out of the market. To ship in under this duty would necessitate sales at a price which would result in a loss both to fishermen and exporters.

The type of codfish shipped to Brazil is not available until September and it is hoped that substantial modification of the new duty may be secured before that time. At the moment, however, this cannot be said to be any more than a hope.

During recent years there has been one problem after another in the matter of marketing. Higher duties, keen competition for Norway and Iceland, economic sanctions, wars, exchange restrictions and quotas have all been factors.

At one time the principal markets for Newfoundland codfish were Italy and Spain. Both of these markets have been seriously disrupted. Economic sanctions by Great Britain against Italy as a result of the Ethiopian war shut Newfoundland out of the Italian market for a time. The civil war in Spain resulted in a sharp drop of shipments to that country, although some were made via Portugal. Last year, however, sale of codfish to Spain through Portugal dropped sharply.

Again Selling to Italy

One factor which will offset the loss of the Brazil market to some extent is that Newfoundland is again selling codfish to Italy, although on a more restricted basis than formerly. The trade agreement between Great Britain and Italy provides for the importation of codfish from Newfoundland on a quota basis.

Last year, some difficulty was experienced on shipments to Italy and it was not until late in the season that any considerable quantity was sent. The Anglo-Italian trade agreement provides the method of payment must be through the Anglo-Italian Clearing House, London. Because of the delay in securing sterling funds and the risk of devaluation of the lire, exporters were loath to make shipments. In order to avoid a serious situation and a repetition of the disastrous fall in prices which occurred in 1935, the Commission government undertook to insure shipments of codfish to Italy for 80% of the invoice value at a premium rate of 2%. As a result substantial shipments were made late in the year.

Last year the total catch of codfish was approximately the same as in the previous year, or about 970,000 quintals. This is about 300,000 quintals below what is considered to be normal. Comparative figures are given below:

Codfish Catch
(In quintals)

	Bank	Shore	Labrador	Total
1937	250,000	370,000	350,000	970,000
1936	170,000	510,000	290,000	970,000
1935	115,000	635,000	400,000	1,150,000
1934	150,000	700,000	400,000	1,250,000

While the catch was about the same as in 1936, somewhat higher prices prevailed. As a result, the return to the fishermen was greater.

Shore Fishing Poor

Since 1930, shore fishing has not been good. This branch of the industry employs the greatest number of men and produces the best quality of fish.

Last year, there was a further decline in the shore catch and in some sections it proved to be an almost complete failure. In the early part of the season, prospects for the trap voyage appeared good, and fair catches were landed until the end of June. Codfish at that time suddenly struck off from land and from July onward catches were poor.

Aid in Marketing

Marketing is almost entirely under the control of the Newfoundland Fisheries Board. Sales to Portugal and Brazil were made through the Portugal Exporters Group Ltd. and the Brazil Exporters Ltd. respectively. These are associations of the principal exporters operating under the supervision of the Fisheries Board. During 1937, another association of exporters, known as the West Indies Codfish Association, was formed with the ultimate intention of taking in all West Indian markets, but primarily to achieve more orderly marketing in Jamaica.

In addition to supervising exports, the Fisheries Board has trade agents in a number of markets. One of its officials visited both Portugal and Greece during the past winter. The latter also went to Norway to study production methods there.

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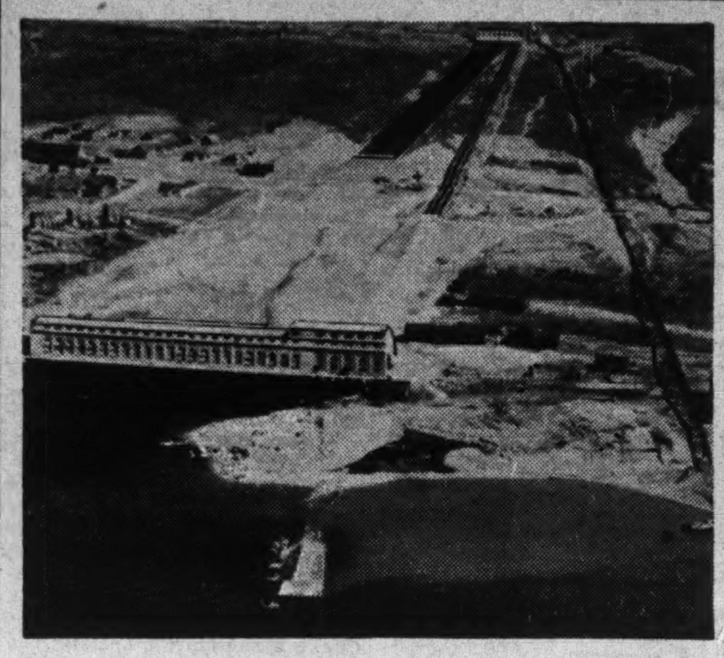

UNDER BRITISH CONTROL

The Deer Lake hydro electric development with a capacity of 156,000 h.p. is among the assets of International Power and Paper Co. of Newfoundland which come under the control of Bowater-Lloyd pulp and paper interests as the result of the recent deal with International Paper and Power Co.

The Newsprint Industry

Mills Show Output Higher in 1937 But Current Operations Are Curtailed

Newfoundland's production of newsprint increased in 1937, operations of its two mills at Corner Brook and Grand Falls respectively showing improvement over the previous year.

During the current year, however, these mills, like newsprint mills in Canada, have been forced to curtail production and operations at present are on a greatly reduced scale. The Corner Brook mill, recently sold to Bowaters Paper Mills of England, is operating only three days a week and the Grand Falls mill five days a week.

The Grand Falls mill is owned and operated by the Anglo-Newfoundland Development Co. The latter is controlled by Associated Newspapers, London, Eng., and supplies the Daily Mail and other newspapers of the Rothermere group.

Inter. Paper Does Better

In the year ended Dec. 31, 1937, net sales of International Power and Paper Co. declined from $7.7 millions to $7.4 millions. Cost of sales and expenses also declined so that net revenue increased from $1.5 million to over $1.8 million. After providing $754,220 for depreciation and depletion, an increase of $68,000, and for interest charges and amortization of bond discount, net loss for the year was only $35,451 as against $364,179 in 1936.

Anglo-Newfoundland report for 1937 recently issued showed net profit after debenture interest, provision for redemption of debenture stock and other charges amounting to $1,206,540. This compares with $673,718 in 1936.

As a result of this improvement the company increased the dividend payment to be made July, 18 next to 5%, bringing total dividend payments out of 1937 earnings to 8%, as compared with 6% in the previous year. Thus, distributions to shareholders for the year amount to approximately half of the available earnings before a special provision of $400,000 transferred to reserve for contingencies.

Newsprint Operations

The increase in earnings is largely due to larger income from the company's subsidiary, Terra Nova Properties, which has a substantial interest in Buchans Mine in Newfoundland, and not to improvement in the newsprint situation. Anglo-Newfoundland did not benefit materially from higher newsprint prices in 1937, the price of its newsprint output being fixed well in advance of the time of delivery and consequently before the 1937 improvement took place.

A large part of Anglo-Newfoundland's output is contracted for by Associated Newspapers Ltd. in England, but nevertheless the company has been forced to curtail production somewhat. Since capacity of the company's mill has been increased it cannot, under present conditions find a market for this additional output. It was from this output that the company hoped to increase its profits from the newsprint side of its business.

Buchans Profits Up

Anglo-Newfoundland received $983,000 in dividends from Terra Nova Properties, which is more than double the amount received for the year 1936. As its share of the profits of Buchans Mine in 1937, Terra Nova Properties received $1,335,207, of which $1 million was distributed in dividends on its capital, of which Anglo-Newfoundland holds over 98%.

Terra Nova Properties has an interest in several other mining properties, including a 15% interest in the Big Bell mine in western Australia. This mine commenced production last October and is making satisfactory profits.

Assets Expand

Expenditures made in expanding the company's newsprint mill in Newfoundland are reflected in the balance sheet. The value of timber limits, water powers and mill shows an increase of over $1.5 million. This represents expenditure on mill buildings and equipment. As the programme of improvements and additions had not been completed at the end of 1937 there will be a further large increase in this item during the current year. The value of railway and equipment shows an increase of $153,206 as a result of re-railing of part of the track of the company's railway and the addition of locomotives and rolling stock.

The additional power unit of 27,000 h.p. will be completed in October next.

In regard to Gaspesia Sulphite Co., which was formed to take over the Chandler sulphite mill at Chandler, Que., shareholders were informed at the annual meeting that Anglo-Newfoundland has acquired the controlling interest in this company. Gaspesia Sulphite commenced operations in July last, a considerable tonnage of pulp being manufactured and shipped at prices which showed a good profit. Some of the output has been sold for this year and also for 1939, but it is feeling the effect of the general setback in the pulp and paper industry. However, directors of Anglo-Newfoundland feel the outlook for this concern over the next few years is a sound one in view of the ever-expanding use of pulp.

Air Era for Newfoundland

Island is Preparing for New Day Of Transatlantic Plane Service

Newfoundland is looking forward to the day when it will be brought closer to London, New York and Montreal by regular transatlantic air travel.

One of Newfoundland's handicaps at present is the time involved in reaching it by boat from these three centres. Regular transatlantic air service would solve this problem and speed up mail service.

Just when such air service will commence is not known, but further experimental flights will be made this summer. The 12 flights last summer were made without undue incidents and showed there are no great obstacles in the way.

Last year, only flying boats were used, but this year flights will also be made with land aircraft. Furthermore, late this month the Mercury, payload carrier of the Mayo "pick-a-back" airplane, will make the flight. The Mayo composite aircraft was designed to facilitate the take-off of heavily loaded planes on transocean flights.

As is well known, Newfoundland occupies an important place in the projected Atlantic service—the same place in regard to air travel which it did in water transportation across the Atlantic in the days of the sailing vessel. Newfoundland will be the last port of call for both west and east-bound planes.

The flying boat base at Botwood is now complete and is ready for the commencement of regular service. A base for land 'planes is now in the process of construction. The latter, which is known as the Newfoundland Airport, is located close to the railway, 213 miles west of St. John's and about 45 miles east of Botwood, the flying boat base. It is expected that eventually the flying boat base at Botwood will be transferred to Gander Lake, one mile south of the airport.

Runway System Used

The airport at Cobb's Camp has been laid out on the runway system, the clearing occupying about one square mile. There are four runways, each intersecting the other at an angle of 45 degrees. Thus, practically every wind direction has been provided for. Three of the runways are 4,500 feet by 600 feet, and the fourth, especially made for blind landings, is 4,800 feet by 1,200 feet.

At present about 600 men are employed at the airport. The administration building is nearly completed, as are the power and boiler houses. A hangar is now in the course of erection and wireless installation is nearly finished.

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Island's Oldest Firm

Activities of Harvey & Co. Cover Every Branch of Island Industry

No firm has played a more important part in the commercial development of Newfoundland than Harvey & Co. Ltd., the oldest and one of the largest commercial concerns in the country.

Established in 1767, it has been operating in St. John's for 171 years and for over a century and a half it has occupied the same site and conducted the same type of business.

The firm is a direct descendant of the Bermuda Trading Co., one of the old adventurer companies formed in England two or more centuries ago. Then and later a considerable trade was carried on by this company between Newfoundland and Bermuda.

Founded In 1767

When the Bermuda Trading Co. was dissolved it was split into its component parts, the ownership of the various branches in most cases being assumed by the local manager. In 1767, the Newfoundland branch in St. John's became Dunscombe & Co.

Changing its name as its senior partners changed the firm later was known as John Dunscombe & Son. The most important subsequent changes have been Dunscombe & Harvey; Harvey, Fox & Tucker; Harvey & Co.; and since 1913 Harvey & Co. Ltd.

Came From Bermuda

Like many of Newfoundland's large firms it is a family concern, having been owned for more than 100 years by the Harvey and Outerbridge families. Since it had its origin in the Bermuda Trading Company it is not surprising that both of these families migrated to Newfoundland from Bermuda. The first Harvey in the firm, Hon. Eugenius Harvey, came to Newfoundland early in the 19th century. He was later joined by Hon. A. W. Harvey and Sir Joseph Outerbridge, both of whom subsequently became senior partners. The Harveys and Outerbridges were not only related, but they had been closely associated in Bermuda, having been among the first settlers in that country after Sir George Sommers was driven ashore on the island in 1609.

Activities Are Varied

The activities of Harvey & Co. have been intimately associated with the fisheries, the main industry of the island. However, the list of its interests over the years and of its present activities is an impressive one. It is engaged in the business of exporting and importing, wholesale provisions, steamship agents, insurance agents. In addition, it has several subsidiaries operating in other fields.

Allied companies are A. Harvey & Co. Ltd., which transacts a coal business both in household and bunkering coal and which from 1888 to 1900 operated a coastal service around the island; Wyatt Coal & Salt Co., which is also engaged in the coal business; Harvey-Brehm Ltd., which makes margarine; Browning, Harvey Ltd., which manufactures biscuits; and Newfoundland Furniture and Moulding Co., which now produces all kinds of containers for salmon, blueberries, codfish, margarine and other commodities.

Harvey & Co. Ltd. acts as general agents in Newfoundland for Imperial Airways, Pan-American Airways, Baloise Fire Insurance Co., Furness Red Cross Steamship Line, Newfoundland-Canada Steamships, Clarke Steamship Co. and Canada Steamship Lines.

A Harvey & Co. Ltd. is the Newfoundland agent for Donaldson Brothers Steamships, Home Insurance Co. and the North British & Mercantile Insurance Co.

In St. John's the firm has extensive waterside premises, owning three of the four water terminals. At Corner Brook and Rose Blanche it operates branches which deal in wholesale provisions.

Has Been a Real Pioneer

Harvey & Co. has pioneered many phases of Newfoundland's commercial and industrial life. It erected and operated the first pulp mill in Newfoundland in 1898, constructing what was then a modern plant at Black River in Placentia Bay. Many cargoes of pulp were exported from this mill to Great Britain and elsewhere, but it was before its day and operations were eventually discontinued.

It also pioneered the development of slate quarries at Britannia Cove. Through an associated company, it was the first to prosecute the seal-fishery with steamships. It introduced the use of steamers in whale fishing in accordance with present day practice. It pioneered the manufacture of soap, tobacco, margarine, furniture and biscuits in Newfoundland. It operated the first tannery in St. John's and controlled the operation of the first dry-dock capable of taking ocean liners. The dock was under lease from the Newfoundland Government.

The company is directly interested in the codfishery. From its branch at Belleoram it prosecutes the bank fishery with the largest individually-owned fleet of banking vessels, the crews of which total over 150. At Belleoram, it has a plant in which is embodied the most modern system of artificial drying of codfish. At one time it operated a modern steam trawler from this branch.

Operates Cold Storage Plants

The company owns and operates three cold storage plants, as well as a floating refrigerating plant, the S. V. Sunset Glow. It is the largest exporter of frozen cod fillets. It ships a large amount of frozen salmon to Great Britain and has patented a method of freezing with brine. It was the first firm to dress frozen salmon for export, that is salmon with head and entrails removed. This practice revolutionized the Newfoundland salmon trade.

Leaders in Community

Members of the Harvey and Outerbridge families, who have been associated with the firm during the past 100 years, have taken an active part in community and political life. Hon. A. W. Harvey was for years a member of the executive council. He represented Newfoundland in the French fisheries dispute and in 1889 was chairman of a commission which investigated the fisheries. Many of Newfoundland's fishing laws are based on the findings of this commission.

Sir Joseph Outerbridge, who died in 1933 in his 91st year, never took an active part in politics. However, he represented Newfoundland at Ottawa on a special mission on tariff matters in 1879, which secured the entry of Newfoundland fish products in Canada duty free. In 1892 he was an active member of the fire relief committee and was vice-chairman and head of the executive committee of the Patriotic Association, which raised, organized and maintained Newfoundland's militia during the first two years of the Great War.

Hon. John Harvey, head of the firm during the war years, was a member of the executive council. He had a wide knowledge of the fisheries, but his outstanding service was investigational work in connection with tuberculosis in Newfoundland.

Another prominent director of the firm was W. G. Gosling, who died in 1930. He was mayor of St. John's from 1916 to 1919 and devoted his salary as mayor to the inauguration of a nursing service. He was a talented artist and writer. It was his research in connection with the history of Labrador that produced the basis on which Newfoundland won its title to that territory before the Privy Council.

Present Directors

Present directors of the firm are Herbert A. Outerbridge, Reginald C. Harvey, Lt.-Col. Leonard C. Outerbridge, Herbert R. Brookes and Claude Noonan. Herbert Outerbridge is president of Harvey & Co. Ltd. and Harvey-Brehm Ltd. and Reginald Harvey president of A. Harvey & Co. and Browning Harvey Ltd.

Buchans Mine Output Up

Base Metal Producer Experiences Greater Prosperity

In common with base metal producers the world over, Buchans Mining Co., Newfoundland's only zinc-lead-copper, experienced greater prosperity in 1937.

Actual tonnage of ore handled and concentrates shipped was about the same as in the previous year, but value of production was substantially higher due to the increase in base metal prices. Volume of zinc and lead concentrates was slightly lower, but this was offset by the higher market value of zinc and the increase in copper concentrates.

Total production in 1937 had a value of $5.5 millions, an increase of $1,6 millions from 1936.

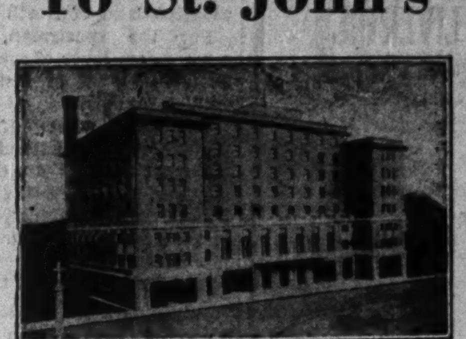
BUCHANS OUTPUT

Quantity	1937 Tons	1936 Tons
Lead concentrates	41,423	42,017
Zinc concentrates	119,669	123,026
Copper concentrates ..	31,361	10,315
Gravity concentrates .	571	637
Value	$	$
Lead concentrates	1,788,069	1,950,601
Zinc concentrates	1,964,791	1,505,921
Copper concentrates ..	1,701,635	467,232
Gravity concentrates .	123,437	69,487
	5,577,932	3,993,241

While base metal prices have declined from their 1937 levels operations at Buchans continue at capacity. Between 650 and 700 men are employed.

Buchans Mining Co. is jointly owned by Anglo-Newfoundland Development Co. and by the American Smelting and Refining Co. Actual financing was undertaken by American Smelting and Refining Co., but the mine is located on the property of Terra Nova Properties, a subsidiary of Anglo-Newfoundland Development Co. In 1936 Buchans Mining Co. completed liquidation of its indebtedness to American Smelting and Refining Co. and made the first distribution on its shares.

When You Come To St. John's



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The oldest colony of the British Empire, Newfoundland represents for most tourists a new world to conquer. It is becoming increasingly popular with imaginative travellers and tourists who like to pioneer new, fascinating frontiers beyond the boundaries of ordinary travel resorts.

Has a Romantic Past

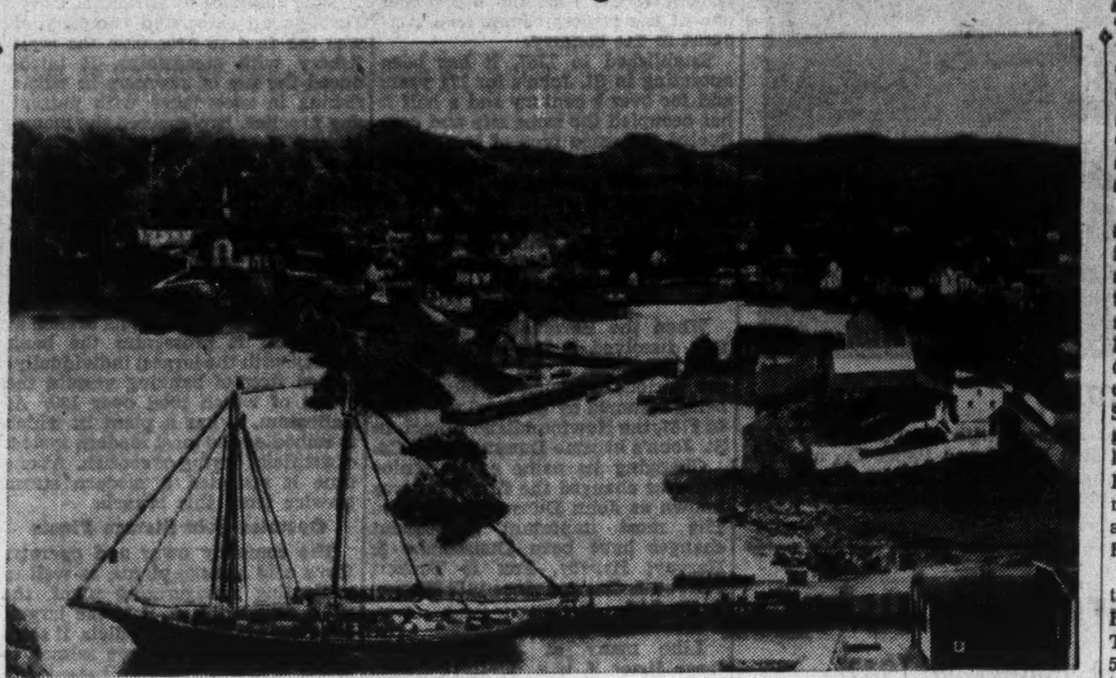
Newfoundland has a storied past. It was first discovered by John Cabot, in 1497, five years after Columbus discovered America. During the next 50 years it was the object of voyages of English, French, Basque, Portuguese and Spanish seamen. It was not until 1583 that Sir Humphrey Gilbert anchored in St. John's harbor and read Letters Patent, which had been granted to him by Queen Elizabeth, and set up the first colonial government in the Dominions beyond the sea. St. John's thus became, in addition to being the oldest city in North America, the first British capital outside Great Britain.

However, England's claim to the Island was not to go unchallenged. About 1660 France established a capital at Placentia on the south coast, which they fortified and from which they sent out marauding expeditions against the English settlements. So aggressive were the French that St. John's was captured on three occasions, the last being in 1763. Visitors to Placentia today will find mute reminders of the skirmishes between the French and the English centuries ago.

One of the special attractions of Placentia is Blenheim House, the oldest house in Newfoundland. Built over 300 years ago it is still in good condition and is occupied by descendants of the builder. The interior is finished in teak and mahogany. Every piece of wood used in construction was imported from England.

Of especial interest to Americans is the village of Ferryland 40 miles south of St. John's Not many are aware that Lord Baltimore, whose name is immortalized by one of the major cities of the United States, first built a mansion at Ferryland and attempted to found there the capital of the barony in the New World granted to him by James I. Here, also, one finds the remains of fortifications which have seen many fights in the early days.

As one might expect one of the most interesting places to visit is the capital city of St. John's itself. Visitors to this city, like the writer, will never forget the experience of steaming into St. John's harbor, the entrance to which is through a narrow cleft in the rugged rock coast, making one of the most perfect landlocked harbors in the world. In fact, so narrow is the entrance that in the early days a huge chain was stretched across it, just under water, in order to obstruct enemy vessels that might attempt to enter.



Coastal tours touch 59 tiny fishing ports—the village of Brigus, 50 miles from St. John's

Salmon Fishing Popular

Most visitors to Newfoundland have been lured by game fishing and hunting. The country is famous for the salmon and trout which abound in its streams and lakes. One third of the total surface of the Island is under water.

Salmon weighing up to 20 pounds are frequently caught and records show that several 40 pounders have succumbed to the lure of the fly. There are many varieties of trout.

The Newfoundland Railway which traverses the Island provides a special Pullman service for fishing groups. A Pullman car is used as camp and moves from river to river as desired. Some of the best streams are located along the railroad route.

For those who like cruises, there are numerous alternatives. Newfoundland-Canada Steamships operates the S. S. Belle Isle sailing in the summer months between Montreal, Quebec, North Sydney, St. Pierre and Newfoundland. The Clarke Steamship Co. operates two cruise ships from Montreal, up the St. Lawrence River, through the gulf of St. Lawrence to Newfoundland and Labrador. Through the Furness Red Cross and Furness lines regular steamship service is available from New York, Boston and Halifax.

A cruise with special attractions is that provided on the Newfoundland Railway steamer "Northern Ranger." This ship takes you in and out of 59 tiny unusual northern ports on three sides of the Island and along the Labrador Coast. In fact, it takes one to the very edge of civilization and gives an excellent opportunity to see the Newfoundland fishing industry in operation.

It is impossible to enumerate all the attractions of Newfoundland, but a visitor is assured of an enjoyable holiday no matter what his interests may be. Detailed information can be secured from any of the steamship companies which operate services to the Island or from the Newfoundland Tourist Development Board in St. John's.

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Relief Down

Number of Persons Receiving Aid Reduced During Past Year

Increased activity in the mining and forestry industries and in some phases of the fishery resulted in a reduction of the number of persons on relief in Newfoundland during the past year. Work on roads and at the airport also contributed to the improvement in employment. Further improvement this year cannot be expected. The position of the codfishery in the current year is likely to offset other expansion.

In the winter months the number of persons on relief was about 20,000 less than in the same period of the previous year. In March last, there were 63,000 persons in receipt of relief as compared with 80,000 in the same month of 1937. As a result relief costs for the year ended June 30, 1938, should be less than estimated. In the 1936-37 fiscal year they totalled over $1.6 million.

As compared with Canada, the amount of relief granted in Newfoundland is small, distributions being merely sufficient for subsistence. Payment is made in kind only in the form of such necessities as flour, tea, sugar, etc. It is taken for granted that each relief recipient will have his own supply of fish and vegetables.

James Baird Ltd. Makes Extensive Alterations

As a result of renovation work just completed, James Baird Ltd., St. John's, has the most up-to-date department store in Newfoundland. Extensive alterations have been made to the interior.

J. W. MacGillivray has recently been appointed manager. Mr. MacGillivray was formerly in the European offices of The T. Eaton Co. and more recently with the European office of the Hudson's Bay Co.

Railway Has Operating Surplus

Passenger and Freight Traffic Higher

Island Line Purchases New Equipment

For the first time in its history, Newfoundland's largest publicly owned enterprise, the Newfoundland Railway, is operating at a profit.

Taken over by the Government in 1923 because of its financial plight, the Newfoundland Railway earnings until last year, failed to cover operating expenses. Its operating deficits have been a heavy burden upon the Newfoundland taxpayers.

In the year ended June 30, 1937, the railway showed an operating profit for the first time, revenues exceeding expenses by $32,834. In the previous year there was an operating loss of $42,371.

Freight tonnage in 1936-37 was 520,400 as compared with 518,700 in 1935-36. Passengers carried increased from 180,700 to 198,700.

Traffic Better In 1937-38

Results for the current year are expected to be even better as there has been marked improvement in both passenger and freight business. Passenger business during the current year has shown an increase of about 20% and freight business an increase of 30%. This increase reflects general improvement in business conditions in Newfoundland in 1937, but more especially larger shipments of pulpwood and newsprint. For the 1938-39 fiscal year the outlook is not quite as hopeful due to the slackening of activity in the newsprint industry.

The Newfoundland Railway not only operates a railway line which traverses Newfoundland from St. John's on the east to Port aux Basques on the west, but it also operates a fleet of steamers and a dry dock.

It has been in the operation of the railway itself that the most marked improvement has been shown. In 1936-37, operations resulted in an operating profit of $76,607 as compared with a deficit of $5,435 in the previous year.

Steamship operations showed a profit of $21,867 as compared with $20,735 in the previous year. Passenger revenue on the steamships was down, but this was offset by an increase in freight revenue and in the subsidy for mails from the Government. This subsidy in 1936-37 amounted to $202,000 as compared with $172,500 in 1935-36.

Operations of the dry dock were less satisfactory, the operating profit being $21,000 as against $28,439 in the previous year.

Exclusive of pensions and interest on sums borrowed from the Colonial Development Fund the operating surplus in 1936-37 was $129,474.

Advances From Government

In addition to the annual subsidies of $250,000 for the carriage of mail and other services, grants or advances made by the Newfoundland Government to the railway in 1936-37 amounted to $232,375. Of this amount, $42,738 was allocated to meet the 1934-35 net loss; $146,137 for capital expenditures in 1936-37 and previous years; and $43,500 to provide funds for repayment of sums borrowed from the Colonial Development Fund.

During 1936-37, the sum of $105,083 was spent on capital additions and improvements, mainly in the purchase of additional rolling stock. This is substantially lower than the $688,618 in the previous year when a new steamer was purchased and additional facilities provided at St. John's for the shipment of newsprint.

Additional equipment is to be secured this year. A new locomotive was delivered in December last and two more of the 1,000 class are on order for delivery in October. These are being built by the North British Locomotive Co., Glasgow, Scotland.

Orders have also been given for two Pullmans and one dining car to the National Steel Car Co., Hamilton, Ont., and for nine automatic dump steel cars to the Magor Car Co., New York. An observation and chair car is being built in the company's own shops.

A new roundhouse is to be built at Port aux Basques and the freight shed at Corner Brook is to be enlarged to about double its present capacity.

Improvement in equipment has undoubtedly been a factor in improving earnings. Equipment and the bed of the railway line are stated to be in better condition now than in many years. During recent years a large amount of ballasting has been done and this work will be continued this year.

Capital Liabilities

Capital liabilities of the railway, not including its funded debt which was assumed by the Government when the railway was taken over from private interests, total $12.5 millions. Of this amount, $436,000 was borrowed in recent years from the Colonial Development Fund and $12.1 millions consists of grants-in-aid from the Newfoundland Government. Included in these grants-in-aid is $4.6 millions for operating losses since 1923 and working capital and over $7 millions for capital additions and improvements.

No provision is made in the railway's accounts for depreciation or replacement of assets. If depreciation had been provided in 1936-37 there would have been a deficit of $227,267 instead of an operating profit of $32,834.

Total expenditures on capital additions and improvements since the railway was taken over by the Government in 1923 have been $7.5 millions. However, proper depreciation allowance is estimated at $2.7 millions so that the estimated value of the additions and improvements at June 30, 1937, was $4.8 millions.

Comparative operating results for 1936-37 and 1935-36 are given below:

Newfoundland Railway — Operating Results

Revenue:	1936-37 $	1936-35 $
Passengers	437,520	357,094
Freight	1,128,891	1,080,794
Mail subsidy	48,000	48,151
Dining & sleeping cars	73,640	61,688
Miscellaneous	48,765	36,016
Express	132,616	117,796
Paper sheds rent	40,000	23,964
Steamships	738,340	700,616
Dry dock	376,456	421,724
	3,024,248	2,890,234
Expenditure:		
Conducting transport.	847,678	833,464
Maint. of way	477,595	453,920
Maint. of equipment	346,187	294,215
Dining & sleeping cars	48,031	41,120
General expenses	90,061	83,291
Express	24,254	24,948
Steamships oper.	598,459	600,824
Steamships repairs	118,034	79,057
Dry dock	355,457	393,285
Pensions	70,248	64,693
Interest†	16,393	21,507
	2,991,414	2,890,23[illegible]
Operating profit	32,834	*42,371
Less: Bad debts w/o	1,864	736
Adjusts., prior years	35	1,410
Balance forward	30,935	*44,517

*Deficit. †Interest on advances from Colonial Development Fund.

Newfoundland Labor Unions Are Active

Labor unions are on the increase in Newfoundland, a large number having been organized or revived during the past year. Even the store employees in St. John's have their own union.

As one might expect, the greatest activity has been in the Fishermen's Protective Union of Newfoundland, which has been given a new lease of life under the presidency of H. M. Brown. It is estimated one third of the 30,000 fishermen in Newfoundland now belong to the union.

The Fishermen's Protective Union has a long history. Organized in 1913 by William Coaker, now Sir William, it grew steadily until 1919 and exerted considerable influence. After 1919 its membership fell and its influence dwindled.

Island Road Abandoned

Commission Finds Cost of Trans-Island Road Would Be Unjustified

Hopes for completion in the near future of a highway traversing Newfoundland from St. John's on the east coast to Port aux Basques on the west coast have been shattered.

Two years ago the prospect of such a road seemed bright—for the project was endorsed by Sir John Hope Simpson and Hon. Thomas Lodge, two members of the Commission Government who have since retired. In fact, definite plans for the road were made, a considerable amount of equipment purchased and construction commenced. The plan was to connect up existing sections of highway.

Plans Abandoned

However, the successors to Sir John Hope Simpson and Hon. Thomas Lodge have been less enthusiastic about the project and for the present at least the project has been abandoned. In the opinion of the present commissioners the cost of constructing a trans-island road cannot be justified. Last year, work was concentrated on two sections where substantial progress had been made, namely on the sections from Grand Falls to Badger and from Deer Lake to Humbermouth. Further work is to be done on these sections this summer. The Deer Lake-Humbermouth road is about 50 miles in length and the road from Botwood through Grand Falls and Badger to Halls Bay about 90 miles.

Newfoundland has about 1,000 miles of highway and about 3,000 miles of local roads. However, a very large proportion of the total mileage is in the Avalon peninsula, which is the most densely populated section of the country.

The absence of an extensive road system is a deterrent to tourist traffic. The Tourist Development Board receives a large number of enquiries every year from prospective tourists who want to bring their automobiles with them. It is recognized that a trans-island road would prove a definite attraction, but whether the influx would justify the expenditure is somewhat doubtful.

Funds for work on the Deer Lake-Corner Brook and Grand Falls-Badger roads were borrowed from the Colonial Development Fund. The advisory committee connected with the fund, in its report for the year ended March 31, 1937, expressed strong disapproval of the way in which a loan of over $1 million was spent. Not only was expenditure substantially in excess of the original estimate, but $375,000 was spent on equipment. Furthermore, construction work was undertaken outside the terms of the original proposals. As a result the loan was sufficient for only partial construction of 53 miles, out of the 97 miles for which the road was constructed.

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Newfoundland's Quest for New Hidden Wealth

Commission's Survey May Bring Revival of Copper Production

In the hope that it may give impetus to development of Newfoundland's diversified mineral resources, the Commission Government is continuing its geological survey. During the past two years 12 survey parties have been in the field during the summer months and it is expected a similar number will operate this summer.

Interest in this year's activities of the geological survey will centre around the work of Prof. G. V. Douglas of Dalhousie University, who is to make an investigation of copper properties in the Notre Dame Bay area. Newfoundland at one time produced a substantial amount of copper.

Low Grade Ore Left

In the Notre Dame Bay area there are a number of old properties most of which were worked before introduction of modern methods which now make available low grade ores. In previous operations only high grade ore was taken out, in most cases nothing less than 8%.

Not only do most of these properties contain substantial low grade ore bodies, but two of them have ore dumps containing 300,000 tons, which assays from 2% to 3% copper. The ore also contains some gold and silver.

Accurate information in regard to these properties is lacking and Prof. Douglas is investigating commercial possibilities. Newfoundland mining officials are convinced commercial development could be undertaken. While Prof. Douglas is making his survey for the Newfoundland Government, it is understood that English and Canadian capital is watching the field, ready to develop at least one of the copper properties should his report prove favorable.

During the latter part of the 19th century there were a number of copper properties in production in Newfoundland and for the decade 1871-80 Newfoundland attained 14th place among the copper producing countries of the world.

Discovered in 1864

The most important property was the Tilt Cove mine in the Notre Dame Bay area. The mine was discovered in 1864 and it is said that its discovery was prompted by a suggestion by Sir William Dawson, the famous Canadian geologist, that the rocks of that part of Notre Dame Bay were favorable to the occurence of copper ores.

The Tilt Cove mine is credited with a total production of 1,492,000 tons of ore. Ore from the West mine yielded 8% to 12% copper and the East mine about 4% copper. It also contained approximately one tenth of an ounce of gold per ton. In some years as much as 7,000 ounces of gold were obtained.

Tilt Cove mine was operated continuously until 1918 and distributed $5 millions in dividends from 1888 to 1912. Record of earnings in the earlier years are not available. Large tonnages of lower grade ore are reported to exist in and below present openings.

Issues Mineral Report

The Newfoundland Government recently published a comprehensive report entitled "The Mines and Mineral Resources of Newfoundland." The report is the work of Dr. A. K. Snelgrove, of Princeton University, who holds the position of Government geologist and devotes the summer months to geological work in Newfoundland. Contributions to the report have also been made by C. K. Howse, associate government geologist.

The report gives an authoritative account of the past and present mining industry of Newfoundland. The results of geological survey work done since 1934 under the direction of Dr. Snelgrove is included and detailed information is given on known mineral resources.

Virgin Prospecting Ground

The report emphasizes that large parts of the interior of Newfoundland, and still a larger territory in Labrador, are still virgin prospecting ground. In fact, much of the interior is still unexamined geologically. In the past most of the discoveries were restricted to the coastal areas.

In addition to the geological survey work which is to be done by the Government, a considerable amount of investigation is to be done this summer by private interests.

An English group has optioned a gypsum property in the Bay St. George region on the southeast coast and plans to do exploration work. In this area, gypsum properties are unusually thick, up to 300 feet. Cliffs exposed along streams and on the sea shore make economical quarrying methods possible. Many of the deposits are so near to tidewater that transportation from quarry sites to steamer could be accomplished by tramway or motor lorry.

Molybdenite Co. Resumes

Operations have been resumed by the Newfoundland Molybdenite Co. on its property near Rencontre East, Fortune Bay, closed down since 1935. The company is financed by Dana & Co. Inc. of New York. The Lucky Strike Syndicate Ltd., owners of the property, hold at all times 20% of the issued shares of Newfoundland Molybdenite Co. Further exploration work is to be done on the property and there is a possibility that a mill will be erected.

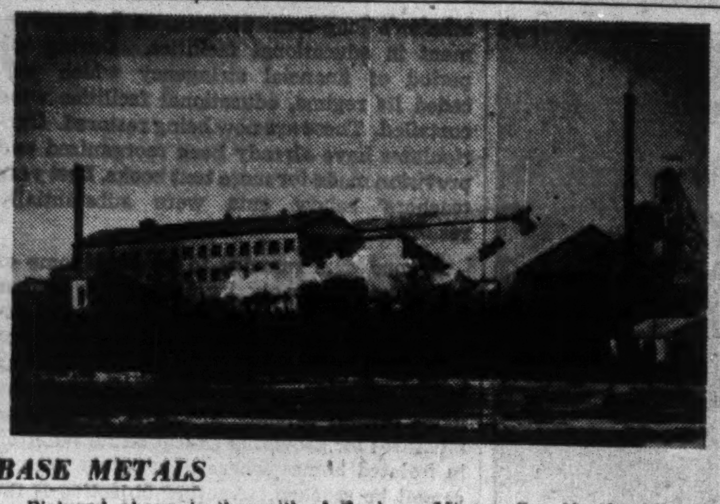
United States interests are planning a survey of the marble deposits in the Canada Bay area and a large American company is investigating the talc deposits at Manuels, 15 miles from St. John's.

Petroleum Resources

Petroleum was discovered on the west coast of the island as early as 1812 but little effort has been made to develop this resource and results have been meagre. Whether there is a possibility of a major oil field being developed is not known, but British interests plan a survey this summer. Last year two field parties of the geological survey conducted an investigation, but results have not been published as yet.

Early in the century a number of wells were drilled at Parsons Pond on the west coast by the Newfoundland Oil Co., but production was small. However, one man in the district has made a living for a number of years through distilling 10 to 15 barrels a month and selling it to the fishermen.

Unlike its neighbor, Canada, Newfoundland has no active gold mines. In fact, practically all its gold production, amounting to about 170,000 ounces, has been derived as a byproduct from base metal ores. In recent years a number of gold prospects have been investigated, but work has not proceeded beyond a preliminary exploration stage.



BASE METALS

Pictured above is the mill of Buchans Mining Co., Newfoundland's only base metal producer. Last year operations of Buchans were at capacity. As a result of higher prices prevailing for base metals production of the company in 1937 was greater than ever before, amounting to over $5.5 millions as compared with $3.9 millions in 1936.

Mine Output Above $10 Millions New Production Peaks Recorded

For the first time in history the annual mineral production of Newfoundland has topped the $10 million mark, the output in 1937 being equivalent to $10.1 millions as compared with $6.1 millions in the previous year.

The larger production is due to record operations at the Wabana Mines of the Dominion Steel and Coal Corp. and to higher base metal prices. Production of the Wabana Mines was more than doubled, the output having a value of $4.1 millions as compared with $1.9 million in 1936.

Production of Buchans Mining Co. had a value of $5.5 millions as compared with $3.9 millions in 1936. This is due to higher prices for zinc and copper. Production of lead and zinc concentrates were down slightly, but this was offset by an increase in the output of copper concentrates which had a value of $1.7 million as compared with $467,000 in the previous year.

Production of limestone at the Aguathuna quarries of the Dominion Steel and Coal Corp. more than doubled, output being at the highest level in history. Fluorspar production increased from 8,457 tons to 11,228 tons.

The increasing relative importance of mining to Newfoundland is indicated by export figures which show that the mines yielded approximately 22% of Newfoundland's exports in 1937, as compared with 10% in 1914.

Mineral production of the island since 1854 is now in excess of $100 millions. Of this amount iron ore from Wabana has accounted for $46.9 millions, copper ore and concentrates for $18.3 millions, lead concentrates and ore for $8.9 millions, zinc concentrates for $10.3 millions and pyrite ore $3.9 millions.

Shown below are comparative production figures for the past two years.

Mineral Production

Commodity	Source	1937 Tons	1937 Value	1936 Tons	1936 Value
Iron ore	Belle Island	1,609,718	$4,104,781	754,637	$1,946,463
Limestone	Aguathuna	365,000	365,000	162,000	162,000
Lead concentrates	Buchans	41,423	1,788,069	42,017	1,959,601
Zinc concentrates	Buchans	119,669	1,964,791	123,026	1,505,921
Copper concentrates	Buchans	31,361	1,701,635	10,315	467,232
Gravity concentrates	Buchans	571	123,437	637	69,487
Fluorspar	St. Lawrence	11,228	78,596	8,457	50,662
			$10,126,300		$6,152,987

The Bell Island Boom

Wabana Production Climbs to Highest Level in Its History

Business is booming on Bell Island, the location of the Wabana iron mines of the Dominion Steel and Coal Corp.

With production at a record level the Wabana Mines are at present employing 2,200 men and have a wage bill of about $60,000 a week.

Production in 1937 totalled 1,609,718 tons, the highest in the company's history. The previous peak was 1,480,000 tons in 1929.

Output of the Wabana Mines has shown steady expansion in recent years and the 1937 production was more than double the amount produced in 1936. Several factors have contributed to this. Dominion Steel and Coal Corp. has itself taken a substantially larger amount of ore for its plant at Sydney, N.S., but the principal factor has been increased demand by Germany. Dominion Steel and Coal Corp. has had a contract with German steel interests for a number of years, but for several years prior to 1937 Germany had not taken the amount required under the contract due to inability to make financial arrangements. Last year, however, Germany took 850,000 tons as compared with 143,400 tons in the previous year.

British Purchases Rise

Another factor has been the increase in purchases by British steel interests. In the past, Great Britain has taken only small amounts, having obtained a large part of her wants from Spain. Last year, due to the Spanish situation, Great Britain took 248,000 tons as against 88,434 tons in the previous year. Dominion Steel and Coal Corp. hopes to be able to maintain a good market in Great Britain even if the Spanish situation has been settled.

The table below shows that shipments in 1937 were over one million tons higher than in 1936. In fact, shipments exceeded production, reducing the substantial carryover of the previous year.

Iron Ore Shipments (In Tons)

	1937	1936
Canada	650,000	471,018
Ford (England)	16,000	47,665
Great Britain	248,000	88,434
Germany	850,000	143,000
United States	45,000	11,300
Belgium	10,000	......
	1,819,000	761,817

Contrast to 1936

Activity on Bell Island at present stands in sharp contrast with the situation only a year and a half ago. At the end of 1936 only two of the four mines were operating three days a week with a payroll of 1,250 men. With the advent of 1937, however, the ore market improved. Not only were these two mines placed on full time operation, but a third was put on full time in February and the fourth in March.

Operating at Capacity

During the current year to date full capacity operations have continued and no slackening in operations is looked for. Production and shipments in 1937 are expected to approximate 1.7 million tons.

Shipments from the mine are made in summer only. This year the opening of navigation was late due to an ice blockade, the first ore boat arriving May 5. With 1.7 million tons of ore to be shipped the Bell Island dock facilities are going to be busy. It is expected that 102 steamers will call at the Island this summer, of which 92 will be ore carriers and 10 coal boats.

Spends $2.6 Millions

The contribution that Wabana is making to the Welfare of Newfoundland, especially at a time when the fishing industry is none too prosperous, cannot be overlooked. In 1937, the mine was responsible for a distribution of over $2.6 millions in Newfoundland. Of this amount, $2.3 millions was paid in wages and salaries, $150,000 in purchasing Newfoundland products, $115,000 in export taxes on ore, $80,000 in customs duties, $10,500 in light and port dues and $10,000 in lease and sundry taxes.

Since they first came into production Wabana mines have produced over 33 million tons of ore valued at over $51 millions. Of this amount, about 17.7 million tons have been shipped to Canada, 10.8 million tons to Germany, 2.6 million tons to the United Kingdom and 1.5 million tons to United States.

Reserves Are Enormous

Few people realize the extent of the Wabana deposits. They have been mined for more than 40 years and more than 33 million tons have been extracted, but reserves are sufficient for many centuries at the present rate of production of 1.6 million tons a year. Total recoverable reserves cannot be proved in advance of mining, but estimates range as high as 10 billion tons. A large part of the workings are under Conception Bay. There are miles of submarine workings.

Historical Background

The Bell Island deposits were first identified as high grade hematite iron ore about 1892 by a St. John's merchant who noted the unusual weight of the "red rocks" as they were being discharged as ballast from a schooner.

R. E. Chamber of the Nova Scotia Steel and Coal Co. was the first engineer to examine the deposit and was courageous enough to back his judgment in its possibilities by taking out submarine claims. The company purchased the land rights in 1893 and commenced mining operations. On Christmas day, 1895, the first cargo, totalling 2,600 tons, left Wabana for Halifax, to be transported by rail to the furnaces at Ferrona, near Pictou.

Two Companies at First

The Dominion Iron and Steel Co. was organized shortly after and acquired three square miles of submarine area immediately adjoining the north shore of Bell Island. In 1899, Dominion Iron and Steel purchased two of the three ore beds of the land area from Nova Scotia Steel and Coal Co. and began operations. The Nova Scotia Steel and Coal Co. then secured large submarine areas surrounding the Dominion Iron and Steel holdings and both companies began driving slopes to win the ore from under the sea.

In 1907, in order to reach their submarine holdings, Nova Scotia Steel and Coal arranged a 12-year agreement with Dominion Iron and Steel to sink a slope in the middle bed through the latter company's property. Before this agreement expired in 1919, new slopes about two miles long were completed in the rock strata below the lower bed.

In 1922 a holding company, the British Empire Steel and Coal, was formed and this company took over the operations of both the Dominion Iron and Steel Co. and Nova Scotia Steel and Coal Co. From the reorganization of British Empire Steel and Coal Co. in 1928 emerged the Dominion Steel and Coal Co., commonly known as Dosco, which now operates the properties of the two subsidiary companies.

At the present time, Dosco is operating three mines on the property of the Dominion Iron and Steel Co. and one mine on property of Nova Scotia Steel and Coal Co. Nova Scotia Steel and Coal Co. controls approximately 100 square miles at Wabana and Dominion Iron and Steel Co., 31 square miles.

The mines are located about two miles from shipping points. Ore is transported to the pier by three cable tramways having a combined capacity of about 1,200 tons per hour. Two loading piers, each capable of accommodating the largest type of freight steamer, are equipped with loading devices to handle up to 2,500 tons an hour at each loading point.

Many Newfoundland places have Indian names and Wabana is one of these. It means "the place where daylight first appears."

Limestone Output At New Peak

In addition to the Wabana iron mines, the Dominion Steel and Coal Corp. owns and operates a limestone quarry on the west coast of Newfoundland at Port au Port Bay. This is the main source of supply of limestone used as flux for iron ore at Dosco's plant at Sydney, N.S.

Production of the quarry, reflecting capacity operations at Sydney, was in 1937 the largest of any year in its history, amounting to 336,733 tons. Production from 1913 to 1937, inclusive, totals 3,702,149 tons. During this period there were four years in which the quarry was not operated.

The limestone is shipped directly from the mine to Sydney by steamer. About 125 men are employed. Eight months of the year are taken up in drilling and four or five months in actual quarrying.

Another limestone quarry which has been worked for many years is that of the Newfoundland Lime Co. at Cobbs Arm on the eastern side of New World Island, Notre Dame Bay, on the northeast coast. The greater part of the output is taken to St. John's. At the present time it is supplying a large amount of agricultural limestone by arrangement with the Department of Rural Reconstruction.

Last year Buchans Mining Co. contracted for 1,000 tons of limestone to be used in the flotation process at its mill. Kilns have been erected at the quarry.

The average annual production of this quarry in recent years has been 5,000 tons but in 1937, owing to increased demand from agriculture and the contract from Buchans Mining Co., production rose to 10,000 tons.

International Power and Paper Co. also operates a limestone quarry. It is located near Humbermouth, west coast, at the 400-mile post of the Newfoundland railway. The limestone contains more that 99% calcium carbonate and is used at the Anglo-Newfoundland Development Co. newsprint mill at Grand Falls and at the International Power and Paper Co. mill at Corner Brook.

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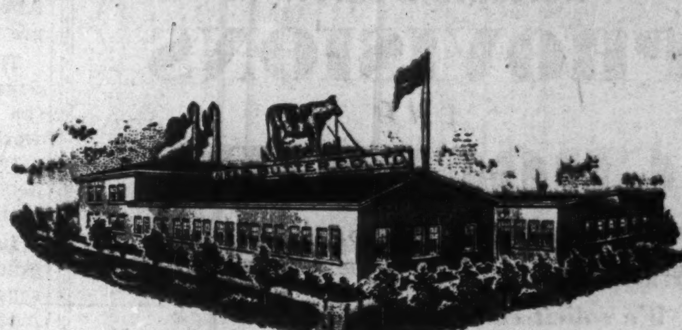

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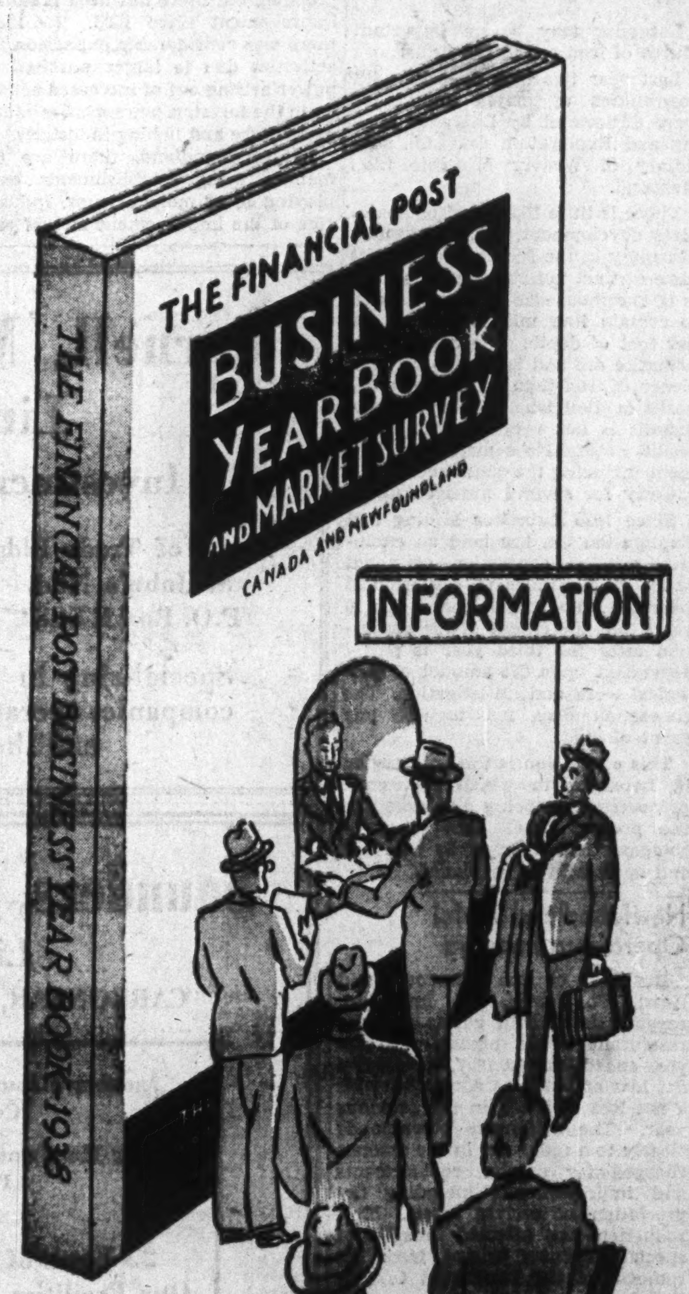

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IRON ORE OUTLET

The Wabana iron mines of the Dominion Steel and Coal Corp. on Bell Island, Newfoundland, achieved a record production last year when 1.6 million tons of iron ore was produced. This was more than double the production of the previous year. The increased activity on Bell Island was an important factor in better conditions in Newfoundland in 1937. Pictured above is the deckhead of No. 3 mine at Wabana.

Marine Insurance Business Better

Business of the Newfoundland Marine Insurance Co. improved in 1937. Net profit for the year amounted to $14,112. Of this amount $7,636 was underwriting profit; $6,475 interest from investments.

Gross premiums for the year totalled $29,453. Premiums for reinsurance were $6,994. Losses paid in 1937 totalled $6,961.

The balance sheet as at Dec. 31, 1937, shows a strong position. Investments are shown at $168,837 and cash on hand at $11,230. Reserves amount to $48,000.

Newfoundland Marine Insurance Co. has been in business for almost 30 years. Its managing director is W. A. Munn. In 1937, it paid a dividend of 5% on its outstanding capital.

Newfoundland Power Earnings Increase

Reflecting improvement in economic conditions in Newfoundland, earnings of Newfoundland Light & Power Co. increased in 1937. As the company does not publish a balance sheet and income account, details as to its financial position are not available.

The company owns and operates the electric lighting, power and tramways services of St. John's, serving a population of approximately 40,000.

The main power plant is a hydro-electric development of 7,000 h.p. at Petty Harbor, about eight miles from St. John's. This development serves the city and in addition a certain amount of power is purchased from the United Towns Electric Co.

In 1931, a plant was completed at Pierre's Brook of 4,500 h.p. Power from this development has been contracted for by Dominion Steel & Coal Corp. for Wabana Mines. The power is transmitted to Wabana Mines

The New Newfoundland in the Making

(Continued from page 13)

of Natural Resources is making a survey of suitable areas, preparation of soil, raising of crop, grading and preparation of produce for the market and storage.

Co-operative effort is being encouraged. In some of the outports conditions resemble those in which co-operative societies have sprung up and flourished in other countries. The Government believes these may play an important part in the economic reconstruction of some sections of the country.

For several years the government has been experimenting with land settlement schemes. Five such schemes have been launched. So far they are in the category of laboratory tests from which valuable experience has already been gained. The Markland scheme, started in April, 1934, is planned for accommodation of 111 families. The number of settlers at Markland at the present time is below this figure.

Mining Development

Newfoundland's mining industry had its most successful year in 1937. This was due to increased activity at the Buchans base metal mine and the Wabana iron mines. Production at Buchans and Wabana reached a new peak and operation at capacity for this year is assured.

As far as its mineral resources are concerned Newfoundland has been "stock taking" during recent years. Under the direction of Dr. A. K. Snelgrove, government geologist, large geological parties have been in the field during recent summers making a complete survey of mineral resources. The existence of various minerals in Newfoundland has been known for many years, but little exploration work has been done.

The purpose of this survey is the encouragement of the development of the mineral resources of the country through dissemination of detailed and accurate information. It is proposed to carry on exploration work to a point that outside capital will be interested. Already a number of properties have been and are being examined by outside groups.

This year further geological work is to be done and particular attention will be paid to the various copper deposits which were worked a number of years ago. At that time only high-grade ore was taken out and it is believed much ore remains which could be mined at a profit by modern methods.

Last, but not least, in the government's programme for development of its natural resources are the forests. In 1937, the forestry industry, like mining, enjoyed a particularly prosperous year. The two newsprint mills, which top all Newfoundland industries in value of production, increased their output. Operations at present are on a reduced scale.

Increased output of pulpwood was a direct result of action by the Commission Government in granting export licenses for 10-year periods to privately-owned timber lands as well as some for export from Crown lands. In the past, export of unmanufactured wood

The Commission is Working to Improve the Lot of the Newfoundland Fisherman

from Newfoundland has been violently opposed, but the new policy promises to result in a considerable development in the logging industry.

Recent purchase of the International Power and Paper Co. by Bowaters Paper Mills of England has changed the pulpwood picture. Bowaters are asking the right to export pulpwood and are ready, if this is granted, to add a sulphite mill to the large newsprint plant at Corner Brook. The pending agreement also hinges on the purchase of the Gander pulpwood limits from the Reid-Newfoundland Co. If the deal is completed, it will be another forward step in improvement of Newfoundland's economic conditions.

Education and Health

There are phases of the rehabilitation programme other than the development of natural resources. Two of these are education and public health and welfare.

An essential and integral part of the Commission's long-term programme is improvement in educational facilities. During the period of financial stringency which preceded its regime, educational facilities were curtailed. These are now being restored. Curriculums have already been reorganized and provision made for more text books. Last year teachers' salary cuts were substantially restored.

A good deal remains to be done some of which will probably have to await further financial improvement. The government recognizes the need for increased provision for school buildings and equipment. It is seeking to secure a larger enrolment in the schools and more regular attendance and is considering measures for providing education for children in isolated homes where a school at present cannot be reached. Another objective is the extension of work in the training of teachers to secure increased qualifications.

The medical health personnel has been strengthened and the district nursing service expanded. Hospital accommodation has been increased, including that at the Tuberculosis Sanatorium. Other hospital works are contemplated.

One of the major problems is that of tuberculosis and the main part of the government's programme is centred on immunization and extension of field services. The government also hopes to improve its laboratory services and to devote special attention to the raising of the standard of health of school children.

The Task and the Goal

How long will Newfoundland be governed by a commission?

The average Newfoundlander, even those critical of the Commission Government plan, recognize both its benefits and its necessity. Progress in rehabilitation may be slower than these critics like—the Commission is not going off half-cock on any scheme which has not been first carefully studied—but steady progress is being made and the results have the earmarks of permanency.

As shown elsewhere in this issue, finances have steadily improved under the present administration. Projects, at first financed from the Colonial Development Fund, are now being treated as current expenditures.

Eventually Newfoundland will achieve economic rehabilitation through the greater development of its natural resources. It has great wealth in the sea, in the forests, in its mineral resources and in its soil. Two things, however, are essential:

Financial aid which is now being provided by Great Britain and will continue to be provided until the island is standing on its own feet;

Careful supervision of its affairs, financial and economic and encouragement of hard work and co-operative effort.

These are the tasks which the present Commission is facing and accomplishing. It is the only avenue to the goal of a stable and balanced economy.

Iron Deposits In Labrador

Enormous Deposit Found by Labrador Mining and Exploration Co.

Labrador may be an important source of iron ore in the future.

Last year two iron deposits with possibilities of major importance were discovered by Labrador Mining and Exploration Co. Ltd., subsidiary of Weaver Minerals Ltd., Montreal.

There is little likelihood of immediate development, but, as a source of supply in the future, the deposits have distinct possibilities. One body is of enormous size and is estimated to contain four million tons of ore per foot of depth. The deposit is a hematite ore and is said to be even richer in iron than the Wabana deposits on Bell Island. However, the deposit is not very accessible and would necessitate a major development including the construction of a railway for several hundred miles.

Since 1935 Labrador Mining and Exploration Co. has held an exclusive mineral concession of about 22,000 square miles in westernmost Labrador. The concession is for 10 years, but the extent of the concession after the third year is partly dependent upon the amount of geological work and investigation. The concession does not include any grant of land.

This concession is the only region in Labrador in which systematic prospecting is being conducted at the present time. Last year the company had 29 men in the field and operated two seaplanes.

Newfoundland Hotel Operations Improve

Business of the Newfoundland Hotel, St. John's, has improved, revenue from both guests and the restaurant being higher. In the year ended June 30, 1937, there was a net loss of $4,981 as compared with a net loss of $9,565 in the previous year. The difference corresponds closely to a reduction in the amount charged for repairs, replacements and improvements, including depreciation of certain assets. This reduction was effected in spite of special expenses arising from the removal of the restaurant to new premises.

The Newfoundland Hotel, the most modern on the Island, has 200 guest rooms. Built 11 years ago at a cost of over $1 million, it was taken over by the Newfoundland Government in 1931.

While the hotel shows a loss on operations it should be noted that the cost of repairs and improvements is charged to current operations.

Manufacturing Active

Manufacturing plays a more important part in the economy of Newfoundland than most people realize, a wide variety of products being produced for home consumption.

Like every other business, manufacturing was hard hit by the depression, but there has been gradual improvement since 1935. In 1937 there was considerable expansion in activities due to larger purchasing power arising out of increased activity in the forestry, newsprint, mining, agriculture and fishing industries.

In Newfoundland, there are 69 manufacturing establishments employing 10 or more persons. Indicative of the improvement in 1937 are the employment figures in September last. At that time the number of persons employed by these 69 manufacturing establishments was 15,423 as compared with 11,492 in the same month of 1936. Wages paid in September totalled $1,253,227 as against $808,284 in the corresponding month of 1936.

In St. John's, there are 32 manufacturing industries. These industries report that sales increases in 1937 ranged from 10% to 30%.

Manufactured goods exported from Newfoundland in the year ended June 30, 1937, totalled $13,234,294 or 47% of the country's export trade. This was principally newsprint.

Bank Deposits On Increase

Newfoundland Savings Bank Accounts Up $621,000

One of the many direct contacts between Canada and Newfoundland is in the field of banking. Commercial banking on the Island is entirely in the hands of four Canadian banks, the Bank of Nova Scotia, Bank of Montreal, Royal Bank and the Canadian Bank of Commerce.

Deposits are also accepted by the Newfoundland Savings Bank, but it is a savings rather than a commercial institution.

These four Canadian banks operate 25 Newfoundland branches there. Twelve are branches of the Nova Scotia, six of the Montreal, five of the Royal and two of the Commerce.

Savings Bank Deposits Up

In recent years the Newfoundland Savings Bank has made gains in deposits. An interest rate of 3% is paid on personal, charitable and trust accounts up to $5,000. Any balance over that amount bears interest of 2½%. Corporation deposits bear 2% interest and the bank reserves the right to refuse any deposit over $5,000.

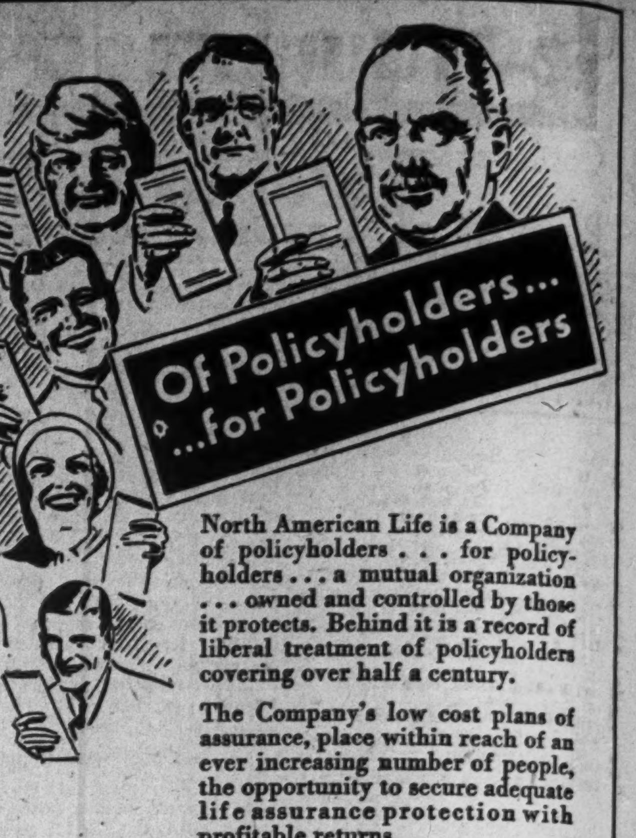
In the year ended June 30, 1937, the savings bank reported an increase of 499 in the number of depositors and deposits increased by $621,057 to $2,931,530.

Net profit in 1936-37, excluding profit on the sale of investments, amounted to $26,107, compared with $24,848 in the previous year. Profits of the bank are paid into a general reserve fund until such time as the latter is equivalent to 20% of the deposits in the bank. Profit on sale of investments in 1936-37 totalled $6,697.

Newfoundland Revives Coat of Arms

Newfoundland has revived the use of the coat of arms granted to the colony in the reign of King Charles I.

An Order-in-Council in 1927 directed that the armorial bearings, the record of which had been found in the College of Arms, should be used on all official documents, publications, stationery and the like. However, the order was not generally adopted and several of the Government departments continue to use the Royal Arms.



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WEEK ENDING JULY 4

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Mining Stocks

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Oil Quotations

[illegible]

Vancouver Stock Exchange

[illegible]

Oil Stocks

[illegible]

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

July 5, 1938

Public Utility Issues:	Int. Rate %	Due	Bid July 5	Asked	Bid June 28
†Assoc. Tel. & T.	5½	'55	80	83	78
Beauharnois P.	5	'73	91½	94½	91½
‡Bell Tel.	5	'55	111½	114½	111½
‡Do.	5	'57	119	122	119
B. C. Power	4½	'60	99½	102½	99½
B. C. Tel.	4½	'61	106	109	105½
†Calgary Pwr.	5	'60	98½	101½	97½
Do.	5	'64	96	99	95½
†Can. Nor. Pwr.	5	'53	104½	107½	105
‡Dom. Gas & El.	6½	'45	85½	88½	83½
‡Gatineau Pwr.	5	'56	104	107	104
‡Do., A	6	'41	101½	103½	101½
Gt. Lakes Pwr.	4½	'56	94½	97½	94½
‡Int. Hydro-E.	6	'44	71½	74½	69½
▲Inter. Power	6	'55	100	103	100
†Macl'n-Que. Pr.	5½	'61	101½	104½	101
Do.	5½	'64	100½	103½	100
Mtl. L., H. & P.	3½	'56	101	104	101
Do.	3½	'73	96	99	96
†Mtl. Tramways	5	'41	99½	102½	99½
†Do.	5	'55	75½	78½	75½
Nat. Lt. & Pwr.	6	'49	92½	96½	91½
N. S. Lt. & Pr.	4	'57	98	101	98
‡Ottawa Light, Heat & Power	5	'57	106	109	106
†Ottawa V. Pwr.	5½	'70	105½	108½	105½
†Power Corp.	4½	'59	99½	102½	100
Quebec Power	4	'62	96½	99½	96½
§Saguenay P., A	4½	'66	103½	106½	103
Do., B	4½	'66	104	107	104
Shaw. W. & Pr.	4	'61	100	103	100
Union Gas	4½	'50	100	103	100
Wpg. El. Ser. A	4	'65	65½	68½	65
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	67	70	57
Acadia Sugar	4½	'55	101	104	101
†Alta. Pa. Grain	6	'46	82	85	82½
Atlantic Sugar	4	'51	99	102	99
B. A. Oil	4	'45	103	106	103
§Brown Co.	5½	'46	57	60	50½
†Burns & Co.	5	'58	61½	64½	59½
Canada Bread	6	'41	107½	110½	107½
Canada Cement	4½	'51	102½	105½	102½
Can. Paper	4½	'52	98	101	97½
Can. Steamship	5	'57	83½	86½	84½
Candn. Canners	4	'51	98½	101½	98½
‡Can. Int. Paper	6	'49	93	96	91½
‡Candn. Vickers	6	'47	95	98	95½
C. P. R.	3½	'51	89½	92½	89
Do.	4	'49	93	96	92
Do.	4½	'44	95	98	95
Do.	6	'42	101½	104½	102
Do., debs.	4 perp.		79½	82½	77
†Consol. Paper	5½	'61	52	55	46½
Dom. Coal	4½	'52	101	104	101
▲Dom. Stl. & C.	6½	'55	104	107	99½
Dom. Tar	4½	'51	101	104	100½
†Donnacona P.	4½	'56	75	78	72½
Famous Players	4½	'51	97½	100½	97½
†Federal Grain	6	'49	92½	95½	92½
†Fraser Cos.	6	'50	95½	98½	95
Gen. Stl. Wares	4½	'52	92½	95½	91½
‡Great Lakes P.	5	'55	91½	94½	89½
†Gypsum, Lime	5½	'48	96	99	96
Ham. By-Pr. C.	5	'55	100	103	100
Inter-City Bak.	5½	'48	102½	105½	102½
‡Inter. P. & P. Nfld.	4½	'68	100½	103½	100
Lake St. John P. & P.	5½	'61	92½	95½	88½
Maple Leaf M.	5½	'49	52	55	51½
†Massey-Harris	5	'47	98½	101½	98½
†McColl-Front.	6	'49	105	108	105
McCormick's	4	'52	80	83	79
‡M. & O. Paper	6	'45	41	44	35
Nat. Grocers	4	'47	100	103	100
†N. S. Stl. & C.	5	'59	89	92	86
†Do., debs.	6	..	41½	44½	37½
Price Bros.	5	'57	93½	96½	92½
‡Prov. Paper	5½	'47	101	104	101
Reliance Grain	4½	'52	92	95	92
†Restigouche Co.	6	'48	95	98	95
Rolland Paper	4½	'51	102½	105½	102½
Simpsons Ltd.	4½	'51	96	99	95½
Smith, Howard	4½	'51	102½	105½	102½
†Steel of Can.	6	'40	109½	112½	109½
‡United Gas	5½	'48	101½	104½	101½
United Gr. Grs.	5	'48	92½	96½	92½
†West. Grain	6	'49	46	50	46

‡Payable in Can. or U.S.
†Payable in Can., U.S. or U.K.
▲Payable in Can. or U.K.
§Payable in U.S. only.

Municipal Bonds

July 5, 1938

	Rate	Due	Bid	Ask.	Yld.
†Halifax	5	1961	112.00	114.00	4.06
Hamilton	5	1950	113.65	115.65	3.40
Montreal	5	1945	103.50	105.00	4.14
Ottawa	4½	1945	108.30	110.30	2.87
†Quebec	5	1959	104.50	106.00	4.55
Saint John	5	1950	107.00	108.50	4.12
†Toronto	4½	1955	114.00	116.00	3.24
†Vancouver	5	1950	85.00	89.00	6.37
Winnipeg	5	1944	96.00	100.00	5.00

†Payable Can. and N. Y.

Winnipeg Stocks

(Transactions from June 27 to July 4)

	Sales	High for period	Low for period	Close July 2
Beav. Lumber, c.	40	82.00	82.00	82.00
Flin Flon	2,750	.05	.04½	.05
Fed. Grain	100	2.25	2.25	2.25
Do., pref.	50	37.75	37.75	37.75
Gold Lake	3,500	.02	.02	.02
Gt. Falls M.	2,850	.12	.12	.12
Gurney Gold	3,200	.13½	.12½	.12½
Man. Basin	500	.02	.02	.02
Marvel Oils	1,500	.04	.04	.04
Ore Grande	1,000	.04	.04	.04
Reliance Gr., p.	10	59.00	59.00	59.00
Sachigo River	36	18.00	17.00	17.50
Star Lake	5,000	.01	.01	.01
United Grain	30	7.25	7.25	7.25
Western Steel	20	9.25	9.25	9.25
Wingold	3,166	.04	.04	.04
Williamson	2,000	.05	.05	.05

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire Insurance	...	100
Can. Indemnity	125	...
Can. Airways	...	3½
Home Investment	15	20
Nor. Can. Mtge., p.	3	...
Northern Trust	6	...
Traders Bldg.	81	...
Western Brew.	1.80	2.50

*Stocks more active on other exchanges not included.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

July 5, 1938

Industrial Stocks:	Bid	Asked
Acadia Sugar, pfd.	4.40	[illegible]
Algoma Steel, com.	13.50	[illegible]
Do., pfd.	38.00	[illegible]
Andian National	41.75	43.00
Anglo Can. Tel., A	8.35	9.00
Barrymore Cloth, pfd.	25.50	28.00
B. C. Pulp & Paper, com.	13.50	15.50
Do., pfd.	48.00	53.00
B. C. Sugar	81.50	84.00
Burns & Co., A	6.25	7.50
Do., B	3.00	4.00
Can. Airways	1.50	2.75
Can. Industries, A com.	197.00	....
Can. Ingersoll Rand	112.00	119.00
Can. Tube & Steel, com.	3.25	5.00
Do., 1st pfd.	80.00	86.00
Chase, A. W., pfd. bonus	26.00	27.50
Claude Neon, pfd.	5.00	6.00
Cons. Sales Book, pfd. bon.	80.50	....
Copeland Flour Units	6.00	....
Corrugated Paper Box, com.	2.00	....
Do., Rts.	10.00	11.50
Dominion Woollens, pfd.	1.00	[illegible]
Dnulop Tire, pfd. par $25	16.00	17.00
Easy Washing Machine, pfd.	7.50	....
Federal Grain, com.	2.25	[illegible]
Do., pfd.	35.00	37.00
Goderich Elevator	6.00	[illegible]
Guelph Carpet, pfd.	104.00	108.50
Do., com.	19.75	20.50
Hayes Steel Prod., com.	5.00	6.50
Do., pfd.	6.25	8.00
Highland Dairy, pfd.	41.00	48.00
Home & Indust. Bldg. Prod.	3.25	3.75
Kingston Shipbuild. Units	9.00	10.50
Loblaw Inc., pfd. bonus	58.00	....
Morrison Brass, pfd. bonus	6.25	8.00
Morrow Screw, pfd. bonus	95.00	98.00
Mount Royal Hotel, pfd.	3.50	4.25
Neilson, Wm., pfd.	98.00	....
New Brunswick Tel., com.	12.00	13.00
New Meth. Laund., pf. bon.	60.00	....
Paterson, Wm., pref.	100.50	....
Provincial Paper, pfd.	101.00	102.50
Reliance Grain, pfd.	58.50	60.00
Rob. Consol. Cone	8.10	8.50
Ruddy, E. L., pfd.	23.00	26.00
Seal O Sac (Can.)	2.25	3.00
Standard Fuel, com.	2.25	3.00
Do., pfd.	50.00	54.00
Stedman Bros., pfd. par $50	53.25	55.25
Supertest Pete., B pfd.	27.50	30.00
Toronto Carpet, com.	....	33.50
Do., pfd.	54.00	60.00
United Farmers Co-op.	3.00	4.00
United Steel, A pfd.	15.75	16.50
Viceroy Mfg., pfd. & rts.	18.25	19.75
West. Grain, pfd. bonus	11.50	13.50
Western Steel, com.	9.00	9.35
Weston (Geo.) Foods (Eng.)	3.50	4.00
Willards Choc., pfd.	23.00	....
Wings Limited	.55	.65
Trusts and Loan Stocks:		
British Mortgage	136.00	....
Commercial Finance, com.	2.65	3.10
Guelph & Ont. Inv., par $50	50.00	....
London & Western Trust	31.00	38.00
Premier Trust	....	110.00
Sherbrooke Trust	120.00	....
Sterling Trust	43.00	48.00
Traders Fin., A com.	13.00	14.00
Do., B pfd. bonus	82.00	84.50
Trusts & Guarantee	24.50	26.00
Insurance Stocks:		
Canada Life	535.00	545.00
Canadian Ins. Shares	15.00	17.00
Confed. Life, 25% pd.	135.00	....
Continental Life, 20% pd.	30.00	38.00
Crown Life Fully Pd.	213.00	....
Dominion Fire	135.00	....
Dom. of Can. Gen.	110.00	115.00
Empire Life, 25% pd.	10.00	11.25
Federal Fire, 25% pd.	50.00	....
Great West Life	301.00	312.50
Imperial Life	325.00	350.00
Manufacturers Life	250.00	260.00
Monarch Life, 10% pd.	23.00	25.00
Soverign Life, 25% pd.	13.00	14.00
Sun Life	515.00	535.00
Toronto General	5.00	6.25
Western Assce., pfd.	40.50	42.50
Do., com.	45.50	50.00
Theatre Stocks:		
Allens, Kingston, pfd.	60.00	66.00
Do., London, pfd.	53.00	....
Do., St. Catharines, pfd.	62.00	....
Do., Tor., pfd. bonus com.	32.50	....
Loews London, pfd.	3.25	4.00
Mansfield Theatre, pfd.	17.00	20.00
Paramount Kitchener, pfd.	48.50	52.00
Do., Oshawa, pfd.	86.50	90.00
United Amusement, A	15.50	16.50
Investment Trust Shares:		
Can. Investment Fund	3.85	4.20
Can. Investors	6.00	6.50
Inv. Foundation, pfd. bonus	54.00	56.50
Lon. Can. Inv., pfd.	29.50	35.00
Sec's. Holding, pfd. bonus	16.00	17.50
United Corp., A	19.00	20.50
Do., B	13.00	....
Power Issues:		
Can. West. Nat. Gas, com.	23.50	26.00
Do., pfd.	90.00	92.00
Great Lakes Power, pfd.	100.00	103.00
Inter. Util., $1.75 pfd.	7.50	9.00
Do., $7 pfd.	88.00	....
Montreal Island Power, pfd.	19.00	21.00
Northern Ont. Power, pfd.	97.00	101.00

Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines
July 5	75,400	111,700	975,000
July 4	100,100	102,300	933,000
July 2	Holiday		
July 1	Holiday		
June 30	80,800	78,900	761,000
June 29	80,100	63,100	834,000

Investment Trusts

	Bid	Asked
Can. Amer. Trust	3.35	3.75
Can. Inv. Fund	3.85	4.20
All Can. Trustee	12.00	12.75
Trans-Canada	12.50	....
Grouped Income	4.70	5.25
Can. Int. Tr., modified	4.75	5.50
Do., unmodified	4.25	5.00

Unlisted Mines

TORONTO
July 5, 1938

	Bid	Ask.
Addington	.14	.17
Albany R.	.29	.30½
Algoma S.	.17	.20
Algold	..	.42
Amorada	.04½	.05½
Arjon	.04	.04½
Armistice	.03	.04
Argosy	.05½	.05½
Arno	.01½	.01¾
Athona	.08	.09
Area	.04½	.05½
Bailor	.01½	.01½
Barb. Lar.	.44	.45
Bear	.34	.35
Bidlamaque	.03½	.04½
Big Master	.04½	.05½
Bilmac	.09½	.11
Baldwin	.01½	.02
Cuniptau	.06	.06½
Calder Bo.	.03¾	.04½
Camlaren	.37	.38
Cana. Pan.	.05	.06
Cana. Kirk.	.01	.01½
Capital Ro.	.04	.04½
Central M.	.03½	.04
Chan Yell	.35	.38
Chesterv	1.40	1.43
Cheminis	.08	.08½
Coin Lake	.05	.06
Crowshore	.10	..
Cont. Kir.	.13	.15
Dawson W.	.03½	.04
Delandore	.08	..
Delwood	.04½	.05½
Desantis (new)	.22	..
Devon	.18	.20
Doreva	.07½	.08
Don Mart.	.06	.07
Delosha P.	.01	.02
Dunlop (new)	.03	.03½
Elmos	.24	.26
E. Lacoma	.03¾	.04½
Elizabeth	..	.26
Frontier	.03½	.04½
Gate Pat.	.02½	.03
Gilbec	.01	.01½
Goldside	.01½	.01¾

	Bid	Ask.
Golden G.	.49	.50
Gordon Lb.	.03	.03½
Gorham G.	.08	.09
Hallnor	6.50	7.00
Halliwell	..	.08½
Hayes Cd.	.13	.15
Hudson Pt.	.01	.01½
Hutch. Lake	.03	.04
Hislop	.01½	.02½
Hugh PaP	.09	.09½
Keora	.03	.04
Keystone	.02	.02½
Kaw Crow	.02	.02½
Kenricia	.24	.26
Kerry Gd.	.28	.30
Kewaga'a	.10	.10½
Kir. Vit.	.04	.04½
King Fish	.01½	.01¾
Kirk. Gat.	.12½	.14
Kirk. Hunt.	.02	.02½
Lacoma	.09½	.09½
Lafayette	.01½	.01¾
L Geneva	.23	.24
Lakehead	.02½	.04
Lake Rose	.08	.09
Lamaqu	6.00	6.25
Lardego	.02¾	.03½
Lucky Kir.	.04¾	.05½
Magnet L.	.11	.12½
Magnet C.	.69	.72
Malartic	.37½	.39
Martin B.	.25	.26
Mata. Cana.	.06	.07
Moffatt Hall (new)	.02½	.03½
McFar. LL.	.03	.03½
McCarthy	.05	.07
McVit. Kir.	.02¾	.03
Monarch	.02½	.02¾
Mosher	.22	.23½
Mooshla	.06	.07
Norlake	.03½	.04½
Negus	.95	.97
North Sho.	.01½	.02½
Oklend	.14	.16
O'Leary	.04	.04½
Opemiska	.07	.08
Oriole	.04	.04½

	Bid	Ask.
Ossian	.05	.05½
Parkhill	.01½	.02½
Pascalis	.37	.39
Porcu. Lake	.13	.15
Porc. McN.	.02½	.02½
Plains P.	2.30	2.50
Planet	.10	.11
Pontiac Ro.	.08	.10
Portage	..	.22
Pelangio	.03	.04
Polaris	.24½	.26
Propri'y	1.70	1.75
Queb. Mn.	.21	.22
Rand Ml.	.34	.35
Rajah	.03½	.04
Ribago (new)	.03	.03½
Rich Rock	.06	.08
Ronda	.32	.34
Rouyn Re.	.02	.02½
Rubec	.01½	.01¾
Sachi'o	17.00	17.25
Sand Riv.	.20	.22
Shenango	.04	.04½
Sheldon	.09½	.10
Silver Val.	.03½	.04
Siscoe E.	.17	.18
Smelter	.04¾	.05½
So. Keora	..	.06
Spooner	..	.07½
Sturg. Rv.	.20	.22
Sunbeam	.31	.33
Sun Bear	.05	.06
Surf. Inlet	..	.13
Springer	.07½	.08½
Tonawanda	.03¾	.04½
Upper Cn.	.42	.43
Up Seine	.25	.30
Wascanna	..	.12
Williamson	.05½	.05½
Wilport	..	.06
Wesley	.03	.04½
Wells LL.	.12½	.14
Westside	.03	.03½
Wh. Horse	.06	.07
Winoga	.06	.07
Woco	.35½	.36
Ypres Cad.	.04	.04½
Yg. Dav'd	.18½	.20

MONTREAL
June 28, 1938

	Bid	Ask.
Abbeyville	.13	.14
Amity	.01½	.02
Barber Larder	.43	.45
Brown Cadillac	.01½	.02½
Chibmac	.01	.02
Cournor	...	.20

	Bid	Ask.
Dempsey Cad.	...	.03
Dorval Units	...	9.00
Lake Rowan	.08	.10
L. L. Lagoon	.03½	.05
Leroy	.01½	.02
Margaret	.11	.14
Obalski	.09½	.02

	Bid	Ask.
Pan. Canadian	.12	.13
Porc. Lake	...	.14
Routhier Cad.	.03	.05
Seguin	.01	.03
Valdor Min.	1.06	1.20
Wawbano	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

Government Bonds

(Supplied by Investment Dealers' Association of Canada)

Dominion of Canada Bonds

July 5, 1938		Bid	Asked	Approx. Yld.
■2	1 Jan. '39	100.75	101.25	...
1	1 June '39	100.15	100.55	.40
2	15 Nov. '39	101.50	102.00	.54
2½	15 Oct. '39	102.00	102.50	.55
4	15 Oct. '39	104.00	104.50	.50
1½	1 June '40	101.10	101.60	.66
4½	1 Sept. '40	107.25	107.75	.89
1	15 Mar. '41	99.85	100.35	.87
5	15 Nov. '41	111.35	111.85	1.39
2	1 June '42	102.00	102.50	1.34
3	15 Oct. '42	105.50	106.00	1.56
2½	1 June '43	103.37	103.87	1.68
5	15 Oct. '43	114.37	114.87	2.04
2	1 June '44	100.25	100.75	1.86
■2¼	15 Jan. '44	101.37	102.12	▲1.77
4½	15 Oct. '44	112.87	113.37	2.23
2½	15 Nov. '44	102.50	103.00	2.00
■2½	15 Aug. '45	102.50	103.25	▲1.83
4	15 Oct. '45	109.12	109.62	▲2.07
4½	1 Feb. '46	113.12	113.62	2.51
3¼	1 June '49	103.12	103.62	▲2.74
3½	15 Oct. '49	104.62	105.12	▲2.62
3¼	15 Nov. '51	102.62	103.12	▲2.90
■5	1 May '52	112.25	113.00	▲1.50
4	15 Oct. '52	108.87	109.37	▲2.86
3	1 June '55	99.37	99.87	3.01
4½	1 Nov. '56	112.00	112.50	▲2.83
4½	1 Nov. '57	112.25	112.75	▲2.95
3	1 June '58	98.50	99.00	3.07
4½	1 Nov. '58	112.62	113.12	▲3.03
4½	1 Nov. '59	113.25	113.75	▲3.07
■4	1 Oct. '60	109.75	110.50	▲2.99
■3¼	15 Jan. '61	102.75	103.50	▲2.99
3¼	1 June '66	101.00	101.50	▲3.14
■3	15 Jan. '67	98.12	98.87	3.06
♦3	Perp. bonds	89.50	90.00	3.33
Dominion Guaranteed Bonds				
Canadian National Railways:				
2	15 Jan. '42	101.50	102.50	1.27
2	15 Feb. '43	100.75	101.75	1.61
3	1 May '44	104.25	105.25	2.04
3	15 Dec. '50	99.00	100.00	3.00
3	15 Feb. '53	98.50	99.50	3.04
*4½	1 Sept. '51	115.50	116.50	3.00
*4½	1 Feb. '56	116.25	117.25	3.23
†4½	1 July '57	115.50	116.50	3.32
*4¾	15 June '55	118.25	119.25	3.27
5	1 Feb. '54	119.25	120.25	3.35
*5	1 July '69	117.25	118.25	▲2.48
*5	1 Oct. '69	120.50	121.50	▲3.12
*5	1 Feb. '70	120.50	121.50	▲3.18
Provincial Government Bonds				
New Brunswick:				
3	15 Oct. '51	93.00	94.50	3.51
3½	15 June '56	95.00	96.00	3.81
†4	15 Nov. '47	102.00	103.00	▲3.53
†4½	15 Apr. '61	104.25	105.25	4.14
†5	15 Jan. '60	109.00	110.50	4.26
Nova Scotia:				
3	2 Jan. '52	96.50	98.00	3.19
3¼	1 June '56	98.50	100.00	3.25
3½	15 Dec. '49	101.75	103.00	3.19
†4½	15 Sept. '52	109.50	110.50	▲3.17
†4½	15 Nov. '60	110.50	112.00	3.71
†5	1 Mar. '60	116.00	117.50	3.82
Ontario:				
2½	15 May '45	101.25	102.25	2.15
3	1 Dec. '51	99.00	100.00	3.00
3¼	15 Nov. '51	101.75	102.75	▲2.97
*4	1 June '62	109.00	111.00	3.33
4½	1 June '50	113.25	114.25	3.07
*4½	15 Jan. '62	115.50	117.50	3.42
5	15 Oct. '48	116.50	117.50	3.04
*5	2 Dec. '60	123.00	124.12	3.45
5½	1 July '46	117.50	118.50	2.89
Ont. Hydro Comm.:				
3¼	1 Feb. '53	101.00	102.00	▲3.05
3½	1 Apr. '47	104.00	105.00	2.85
4¾	1 Jan. '70	119.00	121.00	3.62
Prince Edward Island:				
3	1 Oct. '45	99.50	101.00	2.85
Quebec:				
3	1 Nov. '51	97.75	98.75	3.11
3¼	1 Mar. '48	100.50	101.50	3.07
3¼	1 June '52	99.50	100.50	3.20
4	15 Mar. '52	106.50	108.50	3.24
4¼	1 Aug. '58	110.00	111.50	3.46
4½	2 Jan. '63	113.00	114.50	3.60
Alberta:				
4	15 Dec. '54	50.50	54.50	§
4½	1 Oct. '51	53.50	57.50	§
†4½	1 Oct. '56	51.50	55.50	§
*5	1 Oct. '59	53.50	57.50	§
†5½	1 Apr. '52	54.25	58.25	§
6	1 Mar. '47	55.75	59.75	§
British Columbia:				
†4	1 Dec. '57	88.00	91.00	4.71
*4½	15 Jan. '51	96.00	99.00	4.60
†4½	1 Oct. '53	95.50	98.50	4.63
†5	25 Apr. '54	99.00	102.00	4.82
5½	1 Feb. '45	100.25	103.25	4.91
6	15 Feb. '47	102.75	105.75	5.17
Manitoba:				
†4	1 Dec. '57	82.50	86.50	5.10
†4½	15 Dec. '56	86.50	90.50	5.31
*5	2 Dec. '59	91.75	95.75	5.33
5½	1 Oct. '55	95.75	99.75	5.52
6	1 Apr. '47	98.00	102.00	5.70
Saskatchewan:				
4	1 Nov. '60	71.75	75.75	5.97
†4½	1 Oct. '51	79.00	83.00	6.40
†4½	15 Mar. '60	76.00	80.00	6.17
5	1 Aug. '58	81.50	85.50	6.28
5½	1 Oct. '52	85.00	89.00	6.70
6	15 Mar. '52	87.50	91.50	6.96

*Payable Can., N.Y., & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. ■Payable N.Y. ♦Callable on or after Sept. 15, 1936. §Traded flat. Interest being paid at 50% of coupon rate; minimum rate 2%.

Dividends Declared

	This payment	Date payable	Date of record
Aluminium, pfd.	$1.50	Sept. 1	Aug. 15
Buff. Ankerite	25c	Aug. 15	Aug. 1
Biltmore Hats, c.	25c	July 15	June 30
Beattie Gold	5c	Aug. 20	July 29
Brant. Cordage p.	32½c	July 15	June 20
Bell Telephone	$2	July 15	June 23
B. C. Power, A	50c	July 15	June 30
Beatty Bros., 1st pf.	$1.50	Aug. 1	July 15
B. C. Elec. Rly., p.	2½%	July 15	July 2
Bralorne Mines	15c	July 15	June 30
Do., extra	10c	July 15	June 30
Can. Nor. Power	30c	July 25	June 30
Do., pref.	$1.75	July 15	June 30
Can. W'lpaper, A, B.	$1	July 11	July 4
Comm. Alcohols, pf.	10c	July 15	July 1
Can. Gen. Invest.	12½c	July 15	June 30
Can. Car & Fdy., pf.	44c	July 11	June 24
Cosmos Imp., pref.	$1.25	July 15	June 30
Canada Bud	20c	July 26	July 15
Can. South Rly.	$1.50	Aug. 2	June 28
Can. Bk. of Com.	$2	Aug. 1	June 30
Can. Light & Pr.	50c	July 15	June 25
Cons. Smelters	50c	July 15	June 20
Do., extra	50c	July 15	June 20
Coniagas Mines	12½c	Aug. 8	July 30
Can. Fairbanks, pf.	$1.50	July 15	June 30
Can. Indust., A, B	$1.50	July 30	June 30
Do., pref.	$1.75	July 15	June 30
Can. Breweries, p.	50c	July 15	June 30
Can. Bronze	37½c	Aug. 1	July 20
Do., pref.	$1.25	Aug. 1	July 20
Confederation Life	$1	June 30	June 25
Can. Malartic	3c	Aug. 4	July 19
Can. Silk Prod., A	37½c	June 30	June 15
Dominion Tar, pf.	$1.37½	Aug. 1	July 12
Dom. Textile, pref.	$1.75	July 15	June 30
Dome Mines	$1	July 20	June 30
Dunlop Tire, p.	†62½c	June 30	June 30
East. Theatres, pf.	$3.50	July 30	June 30
Gt. Lakes Pwr. pf.	$1.75	July 15	June 30
Guaranty Trust	$2.50	July 15	June 30
Guarantee of N. A.	$1.50	July 15	June 30
Do., extra	$2.50	July 15	June 30
Hollinger Cons.	5c	July 15	June 30
Do., extra	5c	July 15	June 30
Inter. Nickel, pfd.	$1.75	Aug. 1	July 2
Int. Metal, pfd. & pf. A	$1.50	Aug. 1	July 15
Imperial Bank	$2.50	Aug. 1	June 30
Inter. Bronze	37½c	July 15	June 30
Do., pref.	37½c	July 15	June 30
Inter. Milling pf.	$1.25	July 15	July 2
Inter. Utilities pf.	$1.75	Aug. 1	July 20
Do., $3.50 pref.	87½c	Aug. 1	July 20
Invest. Found. pref.	75c	July 15	June 30
Kootenay Belle	4c	July 22	July 15
Do., extra	1c	July 22	July 15
Mtl. L. H. & Pr.	38c	July 30	June 30
Montreal Tele.	80c	July 15	June 30
McColl-Front., pf.	$1.50	July 15	June 30
Montreal Trams.	$2.25	July 15	July 4
Maritime Tel.	17½c	July 15	June 20
Do., pref.	17½c	July 15	June 20
Noranda Mines	$2	July 27	June 10
Nat. Biscuit	40c	July 15	June 17
Nat. Biscuit	40c	Oct. 15	Sept. 16
Do., pref.	$1.75	Aug. 31	Aug. 12
Nat. Steel Car	50c	July 15	June 30
N. B. Tele., c.	12½c	July 15	June 30
Penmans	75c	Aug. 15	Aug. 5
Do., pref.	$1.50	Aug. 1	July 21
Premier Gold	3c	July 15	June 15
Power Corp., pf.	$1.50	July 15	June 30
Do., 2nd pfd.	75c	July 15	June 30
Do., com.	*30c	July 25	June 30
Smith, H., Pap., pf.	$1.50	July 15	June 30
South. Can. Pr., pf.	$1.50	July 15	June 20
South. Can. Pr., c.	20c	Aug. 15	July 30
Sheep Creek G.	3c	July 15	June 30
Do., extra	1c	July 15	June 30
Saguenay Pr., pf.	$1.37½	Aug. 1	July 15
Silverwood, pf.	†20c	July 15	June 30
Stand. Fuel, pf.	$1.62½	July 1	June 15
Steel of Can.	43¾c	Aug. 1	July 7
Do., pref.	43¾c	Aug. 1	July 7
Silbak Prem.	†4	July 25	July 5
Tuckett Tob., pf.	$1.75	July 15	June 30
Toburn Gold	2c	Aug. 22	July 22
Do., extra	2c	Aug. 22	July 22
Un. Bond & Sh.	■15c	July 15	June 30
Un. Gold Eq., st. & c.	3c	July 15	July 5
Union Gas	20c	Sept. 15	Aug. 20
Western Grocers	75c	July 15	June 20
Do., pref.	$1.75	July 15	June 20

*Interim. †Initial.
■Dividend of 20 cents Oct. 15, 1938, has also been declared.
Dividends Passed—
Monarch Knitting, pref., due July 1. Last paid $1 Apr. 1, 1938.

Woods Mfg. Co. Sales Decline

Outlook Dependent Upon Crop Conditions in Western Canada

From Our Own Correspondent

MONTREAL. — Both sales and profits of Woods Manufacturing Co. suffered a decline in the first half of the current year, as compared with the corresponding period of 1937. In recent weeks, however, sales have been better so that outlook for the second half of the year has improved somewhat.

Although half of the year has gone it is difficult to make a forecast of profits at this time. To a large extent prospects are dependent upon crop conditions in western Canada.

If a good volume of business is obtained during the second half of the year then it is probable final results will be better than in 1937. Last year the company reported a net loss of $104,291, largely as a result of the inventory losses and the strike at the Welland mill of the company' subsidiary, Empire Cotton Mills. Heavy depreciation in inventory values as a result of the drastic decline in prices of raw materials at the end of last year reduced manufacturing profits by $150,000. In the absence of such adverse factors in the current year the company should be able to report more favorable results than in 1937 on a smaller volume of business.

Mining Dividends

	Rate	Close July 4	Yield %
Anglo-Huronian	10c	3.15	...
Beattie Gold	10c	1.15	8.7
Bralorne	60c+30c	9.85	*9.2
Buffalo Ankerite	$1	15.50	6.4
Bulolo Gold	$3	28.50	10.5
Can. Malartic	6c	.92	6.5
Cariboo	10c+4½c	2.50	*5.8
Central Patricia	12c	2.55	4.7
Coniagas	25c	1.45	...
Coniaurum	‡5c	1.20	...
Cons. Smelters	50c+50c	61.00	...
Dome Mines	$2	29.00	6.9
Falconbridge	30c	6.25	4.8
Gunnar Gold	†3c	.75	...
Hedley Mascot	12c+2c	1.05	*13.3
Hollinger	65c+45c	14.50	*7.6
Howey Gold	4c	.26	...
Hudson Bay	$1.75	30.00	5.8
Inter. Mining	25c	7.87	..
Int. Nickel, com.	$2+25c	51.50	*4.4
Island Mountain	5c	.81	6.2
Jack Waite	†1½c	.50	...
Kerr Lake	5c	.55	...
Kirkland Lake	8c	1.00	7.3
Kootenay Belle	9c+1c	1.24	*8
Lake Shore	$4+$1	50.00	*10
Lava Cap M.	5c	.95	...
Little Long Lac	40c	3.55	11.3
Macassa	20c	4.70	4.2
McGillivray Creek	3c	.20	...
McIntyre Porc.	$2	42.50	4.7
McKenzie Red Lake	12c	1.12	10.7
McKinley Sec.	5c	.60	8.3
Noranda	‡$2	69.00	...
Nipissing	37c	1.75	...
North. Empire	50c	7.75	6.4
Oro Plata	†4c	.79	...
Pioneer, B.C.	40c	3.00	13.3
Pickle Crow	40c	4.65	8.6
Placer Develop.	$1.20	16.50	7.3
Premier	12c	2.15	5.6
Reno	12c	.48	...
San Antonio	14c	1.27	11
Sheep Creek	12c+2c	1.00	*14
Silbak Prem.	†4c	1.90	...
Siscoe	20c+1c	2.28	*9.2
Sudbury Basin	10c	3.00	3.3
Sullivan Cons.	5c	.96	5.2
Sylvanite	20c+5c	3.30	*7.6
Teck-Hughes	40c+10c	4.65	*10.7
Toburn	8c+4c	2.00	6
Ventures	37½c	5.80	...
Wright-Harg.	40c+30c	7.35	*9.5

†Initial. *Yield includes bonus.
‡Interim.

DIVIDEND NOTICES

The Canadian Bank of Commerce

Dividend No. 206

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st July, 1938, and that the same will be payable at the Bank and its Branches on and after Monday, 1st August next, to shareholders of record at the close of business on 30th June, 1938. The Transfer Books will not be closed.

By Order of the Board,
A. E. ARSCOTT,
General Manager.
Toronto, 24th June, 1938.

Penmans Limited

Dividend Notice

NOTICE is hereby given that the following Dividends have been declared for the quarter ending the 31st day of July, 1938.

On the Preferred Stock, one and one-half per cent (1½%), payable on the 1st day of August to Shareholders of record of the 21st day of July, 1938.

On the Common Stock, seventy-five cents (75c) per share, payable on the 15th day of August to Shareholders of record of the 5th day of August, 1938.

By Order of the Board.
C. B. ROBINSON,
Secretary-Treasurer.
Montreal,
June 27, 1938.

Canadian Tube & Steel Products Limited

A dividend of ONE DOLLAR ($1.00) on the 7% Cumulative Preferred Stock of Canadian Tube & Steel Products Limited has been declared payable on the 15th day of July, 1938, to Shareholders of record at the close of business on the 5th day of July, 1938.

P. B. NASH,
Secretary.
Montreal, June 29th, 1938.

CANADIAN MALARTIC GOLD MINES LIMITED

25 King Street West, Toronto

DIVIDEND NO. 3

NOTICE is hereby given that a dividend of 3 cents per share has been declared by the Directors of Canadian Malartic Gold Mines Limited, payable in Canadian funds on August 4th, 1938, to shareholders of record July 19th, 1938.

By order of the Board.
H. WHITTINGHAM,
Secretary-Treasurer.
June 30th, 1938.

A. J. PATTISON JR. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

Robt. Mitchell Sales Better

Airplane Castings Are a Factor in Greater Volume of Sales This Year

From Our Own Correspondent

MONTREAL. — Robert Mitchell Co. reports a satisfactory volume of business for the first half of the current year, dollar value of sales being greater than in the corresponding period of 1937. However, it is not known whether earnings will be as large as the profit ratio, for the six-month period has not been established.

For the third quarter of the year, prospects are favorable as the company has a fair volume of business on hand. For the last quarter, however, the outlook is indefinite.

The principal factors in the increased volume of business has been railway car fittings and aluminum and aluminum alloy airplane castings. During the current year to date there has been a good volume of railway car fittings arising out of new equipment purchases and remodelling of old equipment.

Airplane Castings

Manufacture of airplane castings is a new departure and results to date have been favorable. During the first half of the year there was a fair demand for airplane castings and the company is establishing itself as one of the leading suppliers in Canada of such parts. The company expects to obtain further business of this type, but it is not likely a substantial volume will develop unless the British Air Ministry places orders for planes in Canada.

In 1937, Robert Mitchell Co. showed a net profit for the first time since 1930, earnings after all charges amounting to $74,877 as compared with a net loss of $15,687 in 1936.

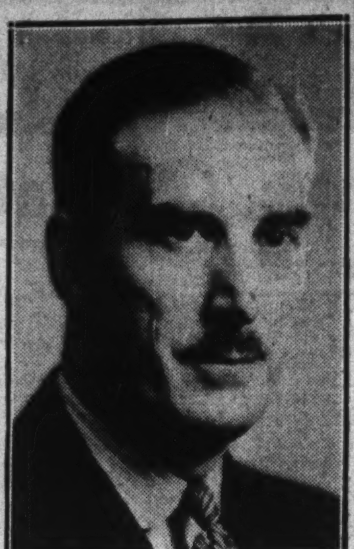
Andian National Corp. Approves Capital Return

At the meeting held on June 30, 1938, shareholders of Andian National Corporation approved the capital distribution of $6 a share and the reduction in the stated value of capital stock from $25.5 millions to $10.2 millions. Date of the payment has not yet been set, as the company must first apply for supplementary letters patent in connection with the reduction in capital.

The $6 a share capital distribution will require a total cash payment of $15.3 millions. International Petroleum Company will receive almost all of this sum through its holding of Andian National Corporation shares.

Hinde & Dauch Sales Continue Below Last Year

Decrease in demand for products of Hinde & Dauch Paper Co. of Canada has continued in the second quarter at about the same ratio as in the first quarter, L. F. Winchell, vice-pres. and general manager of the company states in a letter to shareholders. Indications gives hope that the bottom of the downward movement has been reached, Mr. Winchell says. New equipment installed in recent months at the company's plant is said to be operating satisfactorily.



MOVES UP

Thomas Wilding was made an assistant general manager of the Dominion Bank at a meeting of the directors last week. He is 39 years of age, began as a junior in a Toronto branch. His experience includes seven years in the London, Eng., office, where he was in charge for three years. Since 1934 he has been a supervisor at head office.

Earnings of National Light Better for 5-months Period

Operating earnings of National Light & Power Co., Moose Jaw, Sask., were $222,865 for the five months period ended May 31, 1938, as compared with $217,037 for the same period in 1937. After deducting depreciation, a balance of $92,167 was available for first mortgage bond interest in 1938, as compared with $86,643 in 1937. Balance available before income tax, amortization expenses, etc. was $40,490 in the current year and $34,955 in the preceding year.

First mortgage interest was earned 2.46 times before depreciation in the five months period in 1938, as compared with 2.35 times in the corresponding period in 1937. Interest was earned 1.78 times and 1.68 times respectively in 1938 and 1937, after depreciation.

B. A. Oil-Sinclair Arrange Mutual Service

A reciprocal arrangement between British American Oil Company and Sinclair Refining Company of the United States, has been completed, whereby a courtesy card of each company will be honored by the other on either side of the International Boundary. "This will greatly facilitate conveniences for B.A. courtesy card holders and at the same time should result in your company receiving a larger share of the tourist business," states J. C. Millar, treasurer, in a blotter sent to shareholders.

Mr. Millar also refers to the increasing interest the company is taking in the Turner Valley field and its plans to erect a new refinery in Alberta. The new refinery, states Mr. Millar, will be designed especially for processing Turner Valley crude oil and will supplement the company's Moose Jaw plant in western Canada.

Company Reports

Standard Fuel Co.

Little change is noted in net profits of Standard Fuel Co., Toronto, for the year ended April 30, 1938, as compared with the preceding period. On the preferred stock net is equivalent to $3.24 a share against $3.10. Full dividends of $6.50 a share have always been paid on the preferred but, after three years of paying 50 cents a share on the common, dividends on this stock were omitted last year.

An additional 10 shares of preferred stock were redeemed and cancelled last year, reducing outstanding stock to 11,860 shares out of the original 14,000 shares issued in 1929. A subsidiary company also owns 116 shares of the preferred.

Both current liabilities and current assets are down considerably as at April 30 this year, although little change has taken place in working capital. Cash of $241,455 campares with $143,523. Accounts receivable of $384,630 are up about $54,000 and inventories of $370,210 are substantially lower than the $716,664 of a year ago. Bank loan of $65,000 at April 30, 1937, has been repaid.

Consol. Income and Surplus Account Years Ended April 30

	1938 $	1937 $
Operating profit	112,125	113,344
Less: Exec. salaries	22,000	22,000
Legal expenses	229	478
Directors' fees	4,500	4,500
Add: Invest. income	4,984	4,987
Net earnings	90,380	91,353
Less: Depreciation	35,704	38,124
Reserve for taxes	14,889	11,016
Prelim. exps. w/o	1,399	1,399
Net profit	38,388	36,814
Less: Pref. divid.	77,106	77,228
Common divid.	......	25,000
Deficit for year	38,718	65,414
Less: Prev. surplus	280,015	344,804
Adjustments	......	625
Surplus forward	241,297	280,015
Earned per Share:		
Preferred: Earned	$3.24	$3.10
Paid	6.50	6.50
Common: Earned	d0.77	d0.81
Paid	nil	0.50
Shares Outstanding:		
Preferred, $100 par	11,860	11,870
Common, n.p.v.	50,000	50,000
Working Capital	1938 $	1937 $
Current assets	996,295	1,189,483
Current liabilities	178,991	369,583
Working capital	817,304	819,900

Acme Farmers Dairy

Acme Farmers Dairy, Toronto, subsidiary of Eastern Dairies, Ltd., shows an improvement in earnings for the year ended March 31, 1938, with net loss reduced to $61,940 from $115,847 in the preceding year. Earned surplus dropped to $333,404 in the balance sheet from $395,844.

Volume and value of sales increased in the 1938 fiscal year, principally in the sales of fluid cream, ice cream, and milk powder.

Outstanding common stock of Acme Farmers Dairy, totalling 83,420 shares is held by Eastern Dairies, with the exception of five directors' qualifying shares. In addition there are $700,000 preferred stock, of $100 par value outstanding. Funded debt consists of $700,000 7% 20-year debenture notes, due May 1, 1949, deposited as collateral for the parent company's funded debt.

Dividends on the 7% cumulative preferred have been in arrears since Jan. 1, 1933, and at March 31, 1938, amounted to $36.75 a share.

Excess of current liabilities over current assets amounted to $13,495 at March 31, 1938, as against $18,344 at March 31, 1937.

Increase of milk prices by the Ontario Milk Control Board, had the effect of curtailing consumption during the winter months, the president, G. A. Aird, states in the annual report. The company's sales, however, were maintained on a level with those of last year.

Increased price of butter, during the winter months benefitted the company. This raised the cost of milk purchased for the supply of milk powder, ice cream and fluid cream.

Ratio of expense to sales was lower than the previous year, but increases in wages were granted which raised the costs of production.

	1938 $	1937 $
Operating profit	93,188	40,626
Inc. from invests.	550	117
Total income	93,738	40,743
Less: Int. on deb. notes	49,000	49,000
Depreciation	96,042	97,073
Exec., dir. & legal fees	10,636	10,517
Net loss	61,940	115,847
Less: Prev. surplus	395,844	517,071
Add: Adjustments	500	5,380
Surplus forward	333,404	395,844

Week in Wheat

World Markets Waiting North American Results

European Buyers Delay Commitments Pending Definite News on U. S. and Canadian Crops — Rust Potential Danger

From Our Own Correspondent

WINNIPEG.—North American conditions dominate world wheat markets at present and overseas buyers are hesitating about making commitments until they are sure of the outcome of crops on this continent.

New wheat is arriving in large quantities at terminal markets in the United States, although harvesting results in the more northerly parts of the winter wheat belt are still in doubt. Farmers, however, are holding back their selling, until they ascertain at what price level loans will be offered to them by the United States Government as an inducement to withhold some of their wheat from market.

Market Outlook

A much improved outlook for wheat production in western Canada was responsible for a weakening of prices when the market resumed on Monday after the Dominion Day holidays.

The price decline was recorded not only in the new crop futures but also in the July. The opening of the contract delivery month brought that future and cash wheat down practically to the dollar mark, in contrast to prices ranging close to $1.50 per bushel while a good deal of the last crop was being sold. It would appear probable that in spite of the very small quantities of contract grades available for delivery that futures outstanding in this month will be liquidated without any squeeze. A sharp advance in the July is, of course, always a possibility. Quantities of old crop high-grade wheat still remaining for export are so very limited, that any small increase in current demand could easily boost prices.

* * *

Italian Crop

The announcement made by Premier Mussolini that the Italian wheat crop this year will reach 257 million bushels was a surprise to the trade, as at one time it was supposed that the crop was likely to fall below 200 million bushels on account of damage done by the spring drought. The prominence given to the matter in Italy suggests that there must have been a good deal of nervousness about food supplies for the coming year. The fact that an admixture of corn flour with wheat is still compulsory indicates both a tight situation and a desire to avoid use of foreign exchange for wheat imports if possible.

* * *

Canadian Prospects

Toward the end of last week some private crop observers from the United States published estimates of the coming wheat crop in western Canada, which averaged 363 million bushels. Canadian observers are too familiar with the hazards which a growing crop has to run during the month of July to risk an estimate at present.

In the grain trade, however, the hope has frequently been expressed that the out-turn would be as high as 350 million bushels. Before the rains came at the end of last week and the beginning of this, such a figure was commencing to be a hope rather than an expectation. Now it is recognized that a fairly good crop is reasonably probable, although rust still remains a potential danger in Manitoba and in eastern Saskatchewan.

Crops Put New Life in West

(Continued from page 1)

or a substantial carryover of probably 200 millions of bushels from last year.

Situation Has Changed

To-day, however, the situation has entirely changed in the United States and while no one denies that the total crop will be large, early threshing reports indicate that anything of a bumper nature is out of the question.

Late frost did unexpectedly serious damage. Rust, other diseases, insect pests and in certain areas dry weather have added to the toll.

Canadian hazards yet to be faced are rust, heat, hail pests and early frost. Of the five dangers, the first two will be passed in a fortnight to three weeks.

Hail and pests—grasshoppers, wire worms and cutworms, etc.—are purely local handicaps and while devastating enough in the areas hit never cover a very wide territory, seldom affect total crop more than a few million bushels.

Normally there would be little worry about frost except in the far north of Saskatchewan and the Peace River. Newer and earlier maturing wheats than Marquis have materially reduced the fall frost menace. The introduction of Garnet was the first big step in that direction though the result unfortunately has been a crop of inferior milling quality to Marquis. This year, however, rains so delayed seeding in almost every section of western Canada that present growth is at least two weeks behind normal.

In driving from Winnipeg to Brandon this week I saw fields where the wheat was only nicely covering the ground and where it will not be in head for another week or 10 days. As one moved closer to the Saskatchewan boundary, however, there were some fields already in head, though this advanced condition, I was told, is not yet general. Of course, it is a long time until the first real fall frost can arrive and no extensive damage is anticipated.

Threat of Rust

Rust, of course, is the immediate and major fear in southeastern Saskatchewan and Manitoba. West of a line drawn north and south through Saskatoon rust does not enter the picture. On June 21, two days earlier than ever previously reported, rust spores were caught by special airplanes sent up 10,000 feet to search for them. These spores drift up from the American winter wheat areas far to the south, settle down on spring wheat in the northwestern States and Canada and sometimes cut down a crop within 10 days of harvest time. The effect is staggering: one day a wheat field already ripening and promising 30 bushels to the acre, four days later something not fit to harvest.

Spores have been reported in the upper air almost daily since June 21, but not yet in dangerously large numbers. The weather, fairly warm and moist or commonly described as muggy, favors development but is hardly warm enough yet for a lightning spread.

However, with rust as with frost science has again come to the aid of the wheat farmer and many competent observers argue that the calamity of 1935 cannot be repeated. In that year, it may be remembered, a sudden spread of rust slashed a promising crop by over 150 million bushels with Manitoba the chief sufferer.

Thatcher a Barrier

Today in the wheat areas subject to rust there is seeded three to four million acres of Thatcher wheat, so far believed absolutely resistant to any of the serious types of rust. Not only is this large block expected to come through any attack unscathed but should also act as a buffer or trap, all spores landing in a field of Thatcher dying. South of the border in the northwestern states where Thatcher originated are more large blocks of this resistant wheat.

And finally there is the possibility of heat, undoubtedly the toughest handicap in this annual race of the Prairie wheat grower. A year ago at this time the whole country was sweltering under a temperature of over 100 degrees. Skies were coppery colored with no sign of clouds. Top and sub-soil were bone dry. Ten days of this sort of thing saw prospects shrink from 300 million bushels to less than 150, the lowest wheat crop ever harvested since the West really began to grow wheat.

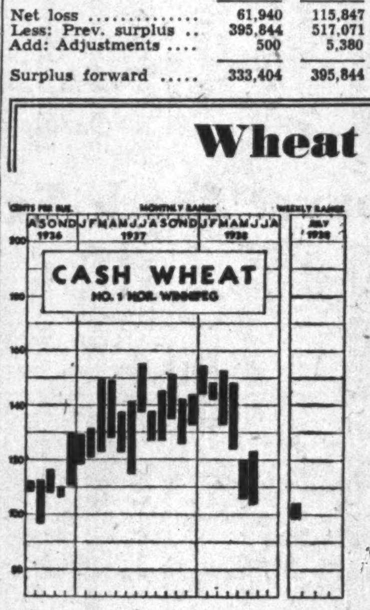
Dust Bowl is Green

This year in the so-called dust bowl or what an older generation knew as the Palliser Triangle the picture is entirely changed. The whole country is green and the soil soaked by the best moisture conditions probably in the last 10 years, certainly since the big but low priced crop of 1932. Temperatures so far have seldom gone above 80, rains have been frequent.

One can motor along the gravelled highway between Brandon and Regina in perfect comfort, without a trace of dust. Farmers working on summerfallow can be clearly seen for miles. This means only one thing—moisture.

Another fortnight of growing weather like the present and danger from searing heat will be largely over. In fact in some of the very driest country last season, the foundation is already so secure that a moderate siege of blistering sun could be weathered and there would still be a fair crop.

Wheat Prices



(Cash Quotations)

	For Week July 5 High	For Week July 5 Low	Prev. Week High	Prev. Week Low
1 Northern	1.04	.98⅜	1.15	1.06
2 Northern	1.02	.95⅜	1.14	1.04
3 Northern	.99	.93⅜	1.05½	1.01
4 Northern	.93	.88⅜	.99	.94
5 Wheat	.72¼	.66¾	.75⅛	.72
6 Wheat	.66¼	.60¾	.69⅛	.66
Feed Wheat	.64¼	.60½	.67⅛	.64

Competitive Export Prices:
June-July shipments:

	Week to July 5 High	Week to July 5 Low
No. 1 North. (Van.)	1.25	1.19¼
No. 3 North. (Atlan.)	1.18¾	1.16⅛
Australian (afloat)	1.00¾	.99
Indian (choice Karachi)	.93¾	.92
U. S. Hard Winters	1.08	1.03⅝
U. S. White Pac.‡	.90¾	.88¼
Argentine Barusso	1.04⅝	1.02⅞
Russian†	1.03⅛	.95⅞

†New crop July.
‡Loading.

Winnipeg Grain Futures

Week to July 5, 1938

Crop year from Aug. 1, 1937 High	Low		Open June 29	High for week	Low for week	Close July 5	Close year ago
		Wheat					
1.22½	.88⅛	July	1.03⅛	1.06¾	.97	.97¾	1.48⅝
1.03	.73¾	Oct.	.84⅜	.85⅝	.78⅜	.78¾	1.39⅝
.86⅜	.73⅛	Dec.	.81½	.82⅞	.76	.76⅜	1.36⅝
.88⅛	.77⅜	Nov.	.83⅜	.84⅛	.77⅜	.78	......
		Oats					
.49	.40⅜	July	.43⅝	.47⅜	.43½	.44	.64½
.44	.35	Oct.	.36⅞	.37⅜	.35⅜	.36	.56⅛
.35⅝	.32⅛	Dec.	.34⅜	.34⅜	.32⅞	.33	.53⅜
		Barley					
.63⅜	.48¼	July	.50⅞	.52	.48¼	.48¼	.73⅞
.55	.47⅛	Oct.	.48¼	.49¼	.47¼	.47⅜	.70⅜
.49⅜	.45⅜	Dec.	.47	.48⅛	.45⅜	.45⅛	.68⅜
		Flax					
1.77¾	1.32½	July	1.46½	1.46⅞	1.42½	1.42½	1.83
1.52	1.33½	Oct.	......	1.48	1.43½	1.43½	1.83¾
		Rye					
.86½	.46⅞	July	.51¼	.52⅝	.46⅞	.48⅛	1.46¾
.58	.49⅜	Oct.	.51⅜	.52⅞	.48⅜	.49⅜	1.07¼
.55½	.49¼	Dec.	.53⅜	.53⅜	.49¼	.50	1.04⅜

Dunlop Tire & Rubber Pays Initial Dividend

An initial dividend of 2½% ($0.62½) has been declared and paid on the new preferred stock of Dunlop Tire & Rubber Goods Co. The payment was made June 30, 1938, to shareholders of record the same date.

In January of this year, the company completed a capital reorganization whereby arrears on the former 7% preferred were eliminated and new capital obtained. Dividends at the rate of 5% on the new $25 par value preferred were cumulative from Jan. 1, 1938, and the payment made last week was for the first six months.

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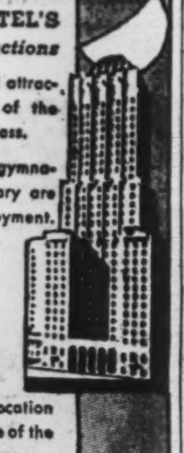
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Week in Mining

Base Metal Markets Again Move Forward

Strength in Copper, Lead and Zinc Related to Change in Industrial Sentiment — Gold Shares Act Well

Prices of base metals continued firm during the week with copper again moving into higher ground.

On Tuesday after July 4 holiday, export copper was quoted at New York at 10.01 to 10.07 cents per lb. compared with 9.30 cents per pound a week before. Lead at 4.75 to 4.80 (New York) and zinc at 4.75 (East St. Louis) were also higher and buyers of mining stocks were more ready to make purchases while holders were not so willing to sell.

It is realized that the market for base metals is bound up with the trend of general industry. For this reason the movement of industrial shares has a sympathetic effect on the base metal issues which were generally strong.

In London dispatches, Brandels Goldschmidt weekly circular was quoted as saying:

"There is no doubt that the world is awakening to the fact that prices in general are low and that it may be a good investment to buy copper and other metals which are cheap. Standard copper now is still about the lowest level ever reached before the 1931 depression. With the European price above the American parity, domestic purchases on a larger scale have been encouraged."

• • •

Gold Stocks

Gold stocks were not neglected, a demand for the higher-priced golds being followed later in the week by some buying of the juniors.

Uchi Gold after reaching $2.03 eased off to $1.97. News from this property continues encouraging. The market is now awaiting news of the issuance of rights to finance the new 500-ton mill that is planned.

O'Brien has been active, gaining 35 cents on Tuesday to $4.10 in fairly active trading.

Leaving the question of revaluation of gold out of the picture, the good news from various properties and their possibilities is attracting attention.

• • •

Harry Oakes, Parliamentarian

Of interest to the mining industry generally was the news this week that Harry Oakes, until recently president of Lake Shore Gold Mines, had been elected to the House of Representatives of the Bahama Islands.

Mr. Oakes, it will be recalled, spent years in prospecting in different parts of Canada as well as in the Philippines, Australia and New Zealand. He staked the old Tough Oakes mine in the early days of Kirkland Lake and later staked the rich Lake Shore mine. He is stated to have distributed generously from his wealth in the Bahamas, helping to provide work for the unemployed, improve existing transportation systems and giving other public services. Mr. Oakes will give valuable service to the community.

• • •

1937 Mining Legislation

At the session of Parliament just closed there was not a great deal of legislation affecting the mining industry. For the most part this was satisfactory, as in recent years some of the attention which the mines have received from legislative bodies has been rather unwelcome. There were two matters dealt with, however, which were of a favorable nature. One of these was a tightening of the laws regarding high grading in the gold mines. Amendments were made to the Criminal Code increasing penalties and strengthening the regulations dealing with the apprehension of suspects.

The other matter was the appropriation of $1,300,000 to construct and improve roads into remote mining areas where transportation costs are practically prohibitive. The plans called for the expenditure by the Dominion of $25,000 in Nova Scotia, $250,000 in Quebec, $250,000 in Ontario, $225,000 in Manitoba, $125,000 in Saskatchewan, $50,000 in Alberta, $240,000 in British Columbia and $93,000 in Yukon and the North West Territories.

The work will be carried out under the direction of the provincial government subject to Dominion approval and two thirds of the cost will be borne by the Dominion and one third by the provinces. Further work is to be done by the Dominion Department of Mines in the way of exploring and mapping the country to aid prospectors.

Sladen Malartic Mines Will Double Mill Capacity

From Our Own Correspondent

MONTREAL. — Sladen Malartic Mines will proceed at once with plans for increasing the capacity of the mill, according to a statement issued by president M. A. Thomson.

The Sladen mill is currently handling about 330 tons daily and present plans are that this tonnage will be at least doubled with provision for still further increases depending on development work and depth, which will be carried out during the interval while mill plans are being prepared.

Cariboo Gold's Output $505,855 in 4 Months

In the first four months of its current fiscal year, February to May last, Cariboo Gold Quartz Mining Co. produced 14,453 fine oz. gold, valued at $505,855, R. R. Rose, managing director reports. Mill treated 32,922.2 tons of ore in the period, carrying out 4,912.7 ft. of development, including crosscuts, drifts, raises and shafts.

The larger exploration programme laid out for the current year is well under way, and the usual development in the various ore zones is proceeding satisfactorily, Mr. Rose says.

Gold Eagle Net Is $30,374

Recovery Per Ton $9.86 in 16-month Period

In the period Jan 1, 1937-Apr. 30, 1938, Gold Eagle Gold Mines reported net profits of $30,374. The mill went into operation Oct. 12, 1937, and in the period reviewed by the statement treated 20,583 tons of ore for a recovery, after mint charges of $203,006, an average of $9.86 per ton milled.

The major item of new development work done during the period was the completion of the winze to open two levels of the No. 1 shearing. Stations have been cut at the 600- and 700-ft. levels and a portion of the crosscut driven on the 600-ft. level. Drifting has started on the 700-ft. level, where the vein has been cut. It is expected that ore to be developed on the two new levels will more than offset the tonnage already mined above the 500-ft. level.

Reginald Halladay of New York and Col. William Kelly of Buffalo were elected to the directorate to fill the unexpired term of Charles E. St. Paul and John T. Oliver, who resigned. William S. Rogers was elected to the vacant office of vice-president.

Gold Eagle's mill is now handling 135 tons daily and both the 600- and 700-ft. levels are being opened, Walter F. Stafford, president, says in a supplementary report covering operations to June 30 last.

Costs Low

Herbert P. Dickey, mine manager, reports cost per ton at $6.849 during the period under review 4,418 ft. of underground work was completed, in addition to 4,936 ft. of diamond drilling. Owing to the erratic nature of the Gold Eagle vein, it is still impossible to estimate reserves in terms of tons.

Balance sheet at Apr. 30, 1938, shows current assets of $95,530, including $43,415 cash on hand and in banks, $16,587 bullion on hand; $1,132 accounts receivable, $31, accrued interest on bonds and $34,365 inventory of stores and supplies. Current liabilities are shown at $16,939.

Poundmaker Gold To Resume Work

Arrangements for Financing Rice Lake Property Completed

Arrangements for new financing having been completed Poundmaker Gold Mines Ltd. is preparing to resume development of its property comprising 23 claims in the Rice Lake district of Manitoba. This property, located some 3½ miles west of San Antonio Mines has had considerable work done on it already, a shaft and winze having been sunk to a depth of about 525 feet and five levels established.

On the first three levels some lateral work was done while at the fourth or 425-ft. level a crosscut was driven from the winze to the gold bearing zone. At the 525-ft. level, 80 feet of ore grading .4 oz. per ton over a width of five feet was opened up.

In a report recently prepared by C. B. Dawson, consulting engineer and geologist, it is stated that some 40,000 tons of ore with an average grade of $10.50 has been blocked out equivalent to about $400,000 in gold, a quantity sufficient to feed a 100-ton mill for well over a year.

Some 100 tons of ore taken from a stope on the 225-ft. level gave approximately $35 per ton indicating that the property also has high grade possibilities. If the lower levels respond as well as the first three it is felt that tonnage in sight can be substantially increased. The ore shoot drifted on for 80 feet at the 525-ft. level has averaged $14 per ton across an average width of five feet.

Pat Produces $376,709 In Second Quarter

Central Patricia Gold Mines, in the quarter ended June 30, produced 10,693 oz. of gold valued at $376,709 from 24,552 tons milled. This compares with $359,155 from 22,387 tons in the quarter ended March 31. The average recovery in the second quarter of the year was $15.34 per ton against $16.04 in the first quarter.

Toronto Lists Chesterville

Company Formed in 1907 Plans Further Work at Depth

Toronto Stock Exchange has listed and called for trading shares of Chesterville Larder Lake Gold Mining Co. Ticker abbreviation will be CHV. The company was incorporated with Ontario charter March 20, 1907, and is capitalized at 2,000,000 $1 par value shares, of which 1,319,959 shares are issued. Of the issued stock, 105,000 shares are held in trust for the benefit of the company. To date, 469,959 shares have been sold for cash, netting the treasury $330,027, and 850,000 shares have been issued for properties in the Larder Lake district of Ontario.

Chesterville has sunk a three-compartment shaft to 330 ft. and cut stations on the 150 and 300-ft. levels. Present plans call for an additional 1,360 ft. of crosscutting and drifting to be done on each level and 2,980 ft. of diamond drilling from underground.

Under agreements dated July 17, 1937, May 23, 1938, and June 3, 1938, a total of 1,015,000 shares were optioned at $1.12½ per share until Dec. 31, 1939, to Collins & Mackinnon, who in turn optioned 439,100 shares to J. Bradley Streit. To date, 231,500 shares have been taken up, leaving a balance of 783,500. To keep the option in good standing, Collins & Mackinnon must purchase such amounts of stock as may be demanded by the Chesterville consulting geologist from time to time on 30 days notice.

Directors are: C. W. Casselman, president; E. B. Lynch, vice-president; J. T. Kearns, secretary-treasurer and managing director, H. C. Hummel, all of Chesterville, Ont.; L. J. Kearns, general manager, Windsor. The consulting engineer is Dr. W. F. James.

Preston Cuts Highgrade Ore

Crosscut at 550-ft. Level Reaches New Zone

At Preston East Dome Mines Limited, a crosscut started south from the 550-ft. level to intersect the new south ore zone indicated by diamond drilling has cut the zone and at last reports had indicated a width of 18 ft., according to Douglas Wright, consulting engineer. Car samples average $54.25 per ton over the width stated. The four flat diamond drill holes which located the ore zone indicated it to have a length of at least 150 ft. Drifting east and west has been started along the ore body, which should sweeten the grade of mill feed materially if the high values found where the intersection was made, persist to any extent.

Finances for the construction of a 500-ton mill have been arranged by a bond issue for $700,000 which has been underwritten by two Toronto Stock Exchange firms, Draper Dobie & Co. and Milner Ross & Co. These bonds are first (closed) mortgage 6% five year bonds. They have been offered to the public at 97.50 and carry a bonus of 75 shares of common stock for each $1,000. After paying for the construction of the mill, sufficient of the balance of the proceeds will be deposited with the trustee to provide for the interest on the outstanding bonds payable January 1, 1939, and July 1, 1939, and the remainder will be available for further development of the known ore bodies and for general corporate purposes.

Management of the property will be in the hands of Futterer and Reid, mining engineers and geologists, who will have full control of all expenditures on the property.

The bonds are being sold on an if, as and when basis, pending a report from Futterer and Reid.

Ore reserves at December 31, 1937, were estimated at 411,000 tons of positive ore and 71,000 tons of probable ore with an average value of $9.13 per ton. Reserves at the 300-ft. level were stated to be of higher grade than those at the 200.

Earnings of the mine are estimated at $600,000 per year.

Perron Gold Mines Adds 75,000 Tons Reserve

From Our Own Correspondent

MONTREAL.—Perron Gold Mines reports that for the first half of June the mill operated at 98.61% of possible running time on an average daily tonnage of 326.53 tons and 98.36% extraction.

In his report J. P. Norrie, the general manager, states that an important cross-section assaying $7 a ton six feet wide has been encountered in several drill holes under 212 stope.

Crosscuts 513 and 514 on the 500-foot level have encountered an ore section of 20 ft. of $9 grade. This is the upward extension of similar ore in the 618 vein on the 625 level which adds 75,000 tons of excellent grade ore to the reserves.

News Concentrates

Asbestos exports from Canada during May last were valued at $1,264,988, as compared with $712,256 in April. Although tonnage has fallen considerably in comparison with a year ago, the higher average prices being received this year are sufficient to offset the drop in tonnage and still leave the net export value higher.

• • •

Chan Yellowknife Gold has traced a new vein on its property for 1,500 ft. to the north, according to Miles Flynn, president. This break is the same as the No. 4 and about 2,000 ft. north of it.

• • •

Chesterville Larder Lake is unofficially reported to have cut 46 feet of ore in a horizontal drill hole from the 125-foot level. The company is securing promising results from underground development.

• • •

Lapa Cadillac Gold Mines is advised from the property that back sampling in preparation for stoping the high-grade shoot at the west end of "F" ore body on the 210 drift shows an uncut average of $23 and a cut average of $12 across stoping width of 8 feet for length of 24 feet. In drift 208 the shoot so far has a length of 18 feet, with an uncut average of $24 and a cut average of $13 per ton across 7 feet.

• • •

Pend Oreille Mines & Metals showed net profit of $16,436 in the year ending April 30 last. Company reported profits of $140,393 before depreciation, depletion and other charges.

• • •

Pioneer Gold is now undertaking development work on its optioned property adjoining Cariboo Hudson to the southwest. Pioneer is understood to have made two $1,500 payments and several smaller payments on this group, which was once known as the Bralco group. Pioneer will allot an 11% interest to the vendors if a company should later be formed.

Winoga Proposes To Sell Claims

Plans to Turn Development Over to Pickle Crow

At a special general meeting in Toronto July 13 next Winoga Patricia Gold Mines will ask shareholders to approve the sale of its claims to a new company, to be known as "Albany River Gold Ltd." or such name as may be approved by the provincial secretary of Ontario. Winoga is to receive 220,000 shares of the new company for distribution among its stockholders. The proposed distribution is equivalent to a repayment of part of Winoga's capital, and shareholders will also be asked to approve a by-law reducing its capital stock by one fifth.

The agreement is the result of negotiations between directors of Winoga and Pickle Crow Gold Mines, which latter company will assume control of operations. In a letter to shareholders, W. H. Poupore, president of Winoga, points out that approval of the agreement would serve the company's best interests.

Ore which could not be milled at a profit in a smaller operation should show an immediate profit when milled on the same basis per ton as the ore of Pickle Crow in its present mill, Mr. Poupore says.

Lower Earnings For Teck Hughes

Revenue for Nine Months Equal to 25 Cents Per Share

Lower production and lower earnings per share were shown by Teck-Hughes Gold Mines Limited in the interim report for the nine months period ending May 31, 1938, issued by President D. L. H. Forbes. Gross value of bullion production was $2,977,935, compared with $3,458,525 a year ago, the grade of ore being $10.06 per ton against $11.79 last year.

Income from investments was $60,106 against $80,241 a year ago.

A feature of the statement was that while 296,116 tons of ore had been extracted during the year, the reserves were down only some 19,657 tons at 612,353 tons. The average grade of the reserves was 7.05 dwt. against 8.06 dwt. the year before.

Earnings per share on 4,807,144 shares outstanding were .253 against .355 cents per share for the corresponding nine months of last year. The company controls Lamaque Gold Mines by ownership of 70.8 per cent of the 3,000,000 common shares.

Comparative figures follow:—

Nine Months Ended May 31

	1938 $	1937 $
Bullion production ..	2,977,935	3,458,525
Inc. from invests.	60,106	80,241
	3,038,041	3,538,766
Deductions:		
Dev., min. and mill. exps.	1,392,396	1,292,492
Ins. and taxes	250,760	344,783
Gen. exps.	165,496	165,139
Exp. on outside properties	10,947	29,119
Bal. to surplus acct. .	1,218,442	1,707,184
Ore reserve dwt.	4,315,380	5,091,730
Earnings per share ..	.253	.355
Divds. paid per share	.45	.50

Tonnage Up, Costs Down At Gurney Gold Mines

Installation of a new single stage crushing unit at Gurney Gold Mines during March to replace the original crusher has brought daily tonnage up to expectations, the company reports. The mill handled 131.6 tons per day in April and 141.3 tons daily in May. Due to mechanical difficulties during the turning-up period costs were high at $7.04 per ton milled, but with increased tonnage these were reduced during May to $6.14 per ton.

During May, average recovery according to actual mint returns was $10.07 per ton. Exploration has been resumed on the 625-ft. level, where conditions are reported to look promising. At the present daily rate, proved reserves of broken and unbroken ore provide minimum of two years' supply, and in view of conditions on the 625-ft. level it is believed that exploration now in progress will open up further ore.

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Brown Oil Net Is $66,419

Turner Valley Producer Gives Statement of Operations Since Jan., 1937

Evidence of the effect of proration on the revenue of a producing oil company in the Turner Valley field is shown in the report of President R. A. Brown of the Brown Oil Corp. covering the operations from its incorporation in January, 1937.

Mr. Brown states that the company has three producing wells from which the open flow is 6,324 barrels per day and of this amount 4,216 barrels is the daily potential production. Under proration, however, the company, as of June 30, when the directors' report is dated, is allowed to produce only 37% of the potential or 1,560 barrels per day, which has a gross value of $1,950.

The company, Mr. Brown states, has completed four wells and is drilling a fifth. He also gives in detail what petroleum and natural gas leases are controlled and the total gross royalty payable on each lease.

Operating Statement

Gross revenue from sales during the period from Sept. 21, 1937, to March 31, 1938, totalled $228,008. Revenue for the period is shown at $120,020, before making provision for depreciation and depletion. After making deductions for these two charges net revenue carried forward was $66,419.

It is noted in the report that dividends of 6% on the preferred shares started to accrue Feb. 2, 1938. The Memorandum of Association provides that, for the redemption of the preferred shares after the completion of six wells, the company shall set aside out of its net profits 50% realized from the sale of production provided the sum does not exceed 60% of the company's net profits. The directors, however, may, if authorized by shareholders, set apart an additional portion of the net profits.

At the annual meeting, shareholders will be asked to authorize an increase in the share capital of 1,500,000 no par value common shares and possible exchange of preference shares for no par value common. The increase in the capital allowing the conversion of the preferred shares would have obvious advantages.

Statement of Revenue and Expenditure, Sept. 21, 1937 to Mar. 31, 1938

	$
Oil sales	228,008
Less: Royalties	57,798
	170,210
Profit on sale of investments ..	833
Profit on sale of casing	17
Interest, discount & exch. net ..	219
	171,279
Less: Production exps.	26,492
Administration exps.	22,281
Miscellaneous exps.	2,486
Rev. before deprec. & depletion	120,020
Reserve for depletion (25% of gross rev. less Okalta royalty)	48,452
Res. for deprec. of prod. equip. at 15%	5,149
Net rev. for period carried to surplus account	66,419
Surplus Account at Mar. 31	
Reserve for income taxes:	
Dominion	9,891
Provincial	4,616
Prov. for accr. pref. int.	4,200
Bal. at credit carried to balance sheet	47,712
	66,419
Working Capital	
Current assets	89,435
Current liabilities	112,652
Deficit	23,217

Lamaque Gold Earns $391,655

Equivalent to 13.05 Cents Per Share After All Deductions

Net earnings of Lamaque Gold Mines Limited (the Teck-Hughes Gold Mine subsidiary) for the three months ending May 31, 1938, amounted to $391,655 after all deductions equivalent to 13.05 cents per share which compares with net profit of $103,053 or 3.5 cents per share in the corresponding quarter last year. The company which is owned to extent of 70.8% by Teck-Hughes paid $12,500 in bond interest to the latter company compared with $21,875 paid under this head a year ago. Recovery per ton at $11.48 was somewhat lower than that of $12.79 in the corresponding period last year. Ore reserves at 4,573,167 dwt. were higher than in the year before when they were 3,814,362 dwt.

Comparative figures follow:—

Three Months Ended May 31

	1938 $	1937 $
Bullion production ...	1,107,836	643,400
Deductions:		
Dev., min. & mill. exps.	505,989	385,304
Gen. expenses	59,336	59,369
Depreciation	68,551	50,127
Bond interest	12,500	21,875
Res. for taxes	69,804	23,671
Bal. to surplus acct. .	391,655	103,053
Earnings per share ..	.1305	.035

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Mining Company Options

Amm Gold Mines—Has received $10,000, being payment for 33,333 shares at 30 cents, covering the amount guaranteed to be paid by July 1, by Oro Plating Mining Corp. under terms of agreement with Federal Trading & Agency Co. dated Jan. 6, 1938, as amended. Balance covers option on 66,667 shares at 30 cents, exercisable by Sept. 1, 100,000 shares at 32½ cents by Oct. 1, 100,000 shares at 35 cents by Nov. 1, and 100,000 at 40 cents by Dec. 1.

Pandora Cadillac Gold Mines—Balance of May 15 installment covering underwriting of 9,000 shares at 50 cents has been taken up by McFetrick & Co. under agreement June 9, 1936. This payment completes agreement; altogether 1,400,000 shares were taken up for $370,000.

J.-M. Consolidated Gold Mines—Has received payment for June 25 installment of $3,600, covering option on 38,888 shares at 9 cents, under agreement June 9, 1938, with Federal Trading & Agency Ltd. Next installment, due July 9, covers option on 100,000 shares at 9 cents.

Nayboh Gold Mines — By agreement June 29, 1938, granted to Brooklands Ltd. of Toronto, an option to purchase 75,000 shares at 50 cents within 90 days.

Conwest Exploration Co.—By agreement June 20, Connell Mining & Exploration Co. Ltd., and McVittie-Graham Mines Ltd., agree to purchase 300,000 shares at 50 cents, payable 100,000 shares within 30 days, 100,000 shares within 60 days, and the balance of 100,000 shares within 120 days, and receive option to purchase 50,000 shares at 50 cents, payable by June 30, 1939.

Kirmaque Gold Mines—Agreement May 4 with George R. Harris to option certain shares, has been cancelled.

Rhyolite Rouyn Mines — By agreement June 15, J. L. Arnott, Toronto, agrees to purchase 50,000 shares at 5 cents, payable forthwith, and receives option on further 950,000 shares, payable 60,000 shares at 5 cents by Aug. 20, 90,000 shares at 5 cents by Oct. 20, 200,000 shares each at 6, 7, 8 and 9 cents, payable on or before Sept. 20, 1939.

Santa Fe Gold Mines — By agreement June 27, P. J. Campbell agrees to purchase 5,000 shares at 20 cents, payable forthwith, and receives option on 795,000 shares at prices from 20 to 50 cents, with right to purchase 50,000 shares at 5 cents, to be taken up 5,000 shares for every 30,000 shares purchased at 45 and 50 cents per share.

Relac Mines Ltd.—By agreement June 27, Noel H. Knowles, Ltd., agrees to purchase 100,000 shares at 5 cents, payable $2,500 with three weeks, $2,500 within six weeks, and receives option on further 700,000 shares at prices from 5 to 10 cents, payable at minimum of $2,000 per month.

Weco Gold Development Ltd.—By agreement June 22, Leonard O. Lumbers and G. Firth agree to purchase 100,000 shares at 25 cents, payable $10,000 forthwith and $15,000 by July 22, and receives option on further 100,000 shares at 35 cents, payable by Nov. 7. By agreement June 22, company grants to Aird, MacLeod & Co. option on 50,000 shares at 25 cents, payable by Aug. 21.

Blue Jay Long Lac Gold Mines (1938)—Under agreement June 21, Keith Securities Ltd. agrees to buy 36,666 shares at 3 cents, payable within 15 days, and receives option on further 463,334 shares at prices from 3-8½ cents.

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NOTICE of Closing of TRANSFER BOOKS

To The Shareholders

TAKE NOTICE that the ORDINARY GENERAL MEETING will be held at the Palliser Hotel, Calgary, Alberta, the 27th day of July, 1938, at the hour of ten o'clock in the forenoon; a SPECIAL GENERAL MEETING will be held at the same place and day at the hour of three o'clock in the afternoon, and a GENERAL MEETING OF THE PREFERENCE SHAREHOLDERS will be held at the same place and day at the hour of two o'clock in the afternoon.

AND TAKE NOTICE that the Registers of Shareholders and Transfer Books at Calgary, Toronto, Montreal and Vancouver for the transfer of both preference and common shares will be closed from the 14th day of July A.D. 1938 to the 27th day of July A.D. 1938, both days inclusive.

BY ORDER OF THE BOARD,
J. W. MOYER, Secretary.

Brown Oil Corporation Limited
232 Lougheed Building Calgary, Alberta

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Hamilton ONTARIO — ROYAL CONNAUGHT
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The Week in Oils

Turner Valley's Potential To Pass 50,000 Bbls. Soon

New Figure Likely to be Established in July — Vulcan Brown's Yield Is Largest in the Valley's History

From Our Own Correspondent

CALGARY.—Turner Valley produced approximately 48,687 barrels of crude oil daily last month, but with about seven new wells nearing the producing horizon, the potential yield is expected to be well over 50,000 barrels daily before the end of July.

In releasing the figures, E. W. Kolb, secretary of the Petroleum Producers Association, stated the figure was much higher than oil officials anticipated. "I am sure eastern Canada had no idea we were capable of producing that amount," he said.

The well responsible for giving such a large increase in the daily potential was Vulcan-Brown which blew into production the middle of last month. The well has a potential yield of 3,018 barrels daily, the largest in Turner Valley history.

Following on the heels of sensational performances of the Frontier and Commoil wells, following acid treatment, Vulcan-Brown proved the prolific crude production area of Turner Valley to extend a mile to the north of the field.

Nine Wells in June

According to Mr. Kolb, nine wells struck the "money paying" crude during the past month. In addition six other wells were started during June, and there is a possibility of seven others commencing next month in Turner Valley.

Six other wells, two in Turner Valley, one in Kootenay Dome, one in Highwood-Sinclair, one in Watson, and another in the Steveville structures, resumed drilling during the month.

Wells Coming in During June

Approximately 11,687 barrels of crude oil were produced daily by wells coming in during June. Potentials of the various wells are as follows:

Frontier Royalites	2,462
Globe Royalties (estimated)	500
National Pete No. 2 (estimated	400
Reward-Spooner-Model No. 2	1,213
Royalite No. 30 (before acid.)	501
Sundance	2,572
United No. 5	789
Vulcan-Brown	3,018
Barsac	232

The previous estimated potential of the field was 37,000 barrels daily, and with the additional 11,687 barrels last month, the approximate present day potential yield is 48,687 barrels.

New Wells To Come In

"It is not unreasonable to assume the potential of the field will be increased to 50,000 barrels daily before the end of the present month with several new wells nearing the producing horizon," Mr. Kolb said. Mercury Royalites, located a short distance southeast of Vulcan-Brown, is drilling in the limestone, Royalite 31, West Turner 2, Royalite 30 (after acidization) Coronation, Consolidated, and one other well, are expected to add considerably to next month's daily potential.

Seven other wells will probably be starting in Turner Valley in July. They are Anglo-Canadian No. 3, D. and D., Royalite 34, Royalite 35, Freehold 7, Freehold British Pacific and Freehold Hangal.

On Highwood-Sarcee Acreage

According to P. J. Hatterman Van Oudenol, the Lease Holdings Limited will drill a well on acreage subleased from the Highwood-Sarcee Co. The well is located on the S.W. corner of LSD 2 of Section 21, twp. 18, Rge. 2, W 5, between Highwood-Sarcee 2 and the Westside well.

Globe Royalties produced 173 barrels of crude oil in seven hours after being treated with 5,000 gallons of acid, reports last week end stated.

Royalite 30 on Open Flow

Royalite 30 was put on a 24-hour open flow test last Saturday. Depths of other Royalite wells last week end were as follows: Royalite 31, 7,193 feet; Royalite 32, 6,502 feet, Royalite 33, 5,175 feet, Lethbridge South, 3,943 feet. Commoil 2 reached the Blairmore, and last week was drilling at 5,966 feet. Command was at 1,162 feet, Anglo-Canadian 1, 2,600 feet, Anglo-Canadian 2 was reaming at 1,673 feet, and Extension Royalties was down 1,028 feet. Mercury Royalites was making good footage at 6,188 feet.

Nesbitt Joins Anglo-Canadian

From Our Own Correspondent

MONTREAL.—A. J. Nesbitt, president of Power Corp. and director of many other companies, has been elected a director of Anglo-Canadian Oils Ltd.

Athona May Use Open Cut Methods

Company Negotiating to Have Ore Milled in Nearby Plant

That Athona Mines may be brought into production shortly is intimated in the annual report of the company covering the 15-month period ending March 31, 1938. This possibility is contingent on the successful conclusion of negotiations started with a neighboring company which it is hoped may result in the Athona ore being treated in that company's mill, thus eliminating the large capital outlay involved in erecting a separate mill. The company referred to has already undertaken large capital expenditures for hydro-electric power development and mill construction and it is felt that one large mill for the treatment of the ore mined in the district would be of mutual advantage.

According to the report of the president, J. J. Byrne, the total volume of ore indicated, including surface and underground, is approximately 3,485,000 tons of which 1,340,000 tons can be considered positive ore and will average $3.40 uncut or $3 cut grade. It is expected that mill and ore handling costs in the area should not exceed $1 per ton. The company has taken up two groups of claims in the Yellowknife area.

The surface conditions and topography are such that an ideal open cut mining project may be undertaken, resolving itself into what is really a quarrying proposition.

Bralorne Adds Ore Reserves

Developments in Past Few Months Declared Decidedly Satisfactory

From Our Own Correspondent

VANCOUVER. — Bralorne Gold Mines, leading Bridge River gold producer, is gradually adding to its already extensive ore reserves, and Manager R. Bosustow declares that developments during the past few months have been decidedly satisfactory.

Ore is still being found in the lateral and vertical extensions of known veins in development work above the 10th level, but a great deal of work must be done below that level before the company can reach any definite conclusion as to the result of the 600-foot bite which was taken in the latest sinking and driving programme below the previous low level.

"Our main concern just now," said Mr. Bosustow, "is not to open up ore down there, but to get our levels out and drive raises for ventilation. It will be months before we know what we have and can correlate the ore bodies. But we can conceivably add immensely to our known ore reserves in a period of six months to a year.

"It must be remembered, too, that on each level we must do something like 6,000 feet of lateral work to open the ore bodies for mining, and that all of the 6,000 feet is not done in ore. I should say that to date we have found about two thirds of our drifts are in ore—a rather exceptional record."

Upper Canada Cuts Ore Body

Intersection by Diamond Drill at 1,000-ft. Level Considered Important

A diamond drill hole on Upper Canada Mines property at a depth of 1,000 ft. has intersected ore which compares favorably with the ore body on the 250-ft. level, according to a statement by an official of the company. This intersection, which is below the 250-ft. level, in conjunction with the underground results and the earlier drilling indicates the persistence of ore from surface to 1,000 ft. in the south vein system.

Sections of the ore cut at 1,000 ft., it is stated, have given assays of $17.50 over a foot and $14 over 2.7 ft. Structural conditions are stated to be favorable.

In the south cross cut from the main drive on the 500-ft. level heading for the location of the ore body which occurs on the 250-ft. level, a parallel body of ore has been passed through, showing a width of 4.5 ft. and a grade of $11.65. What is the same ore body has been intersected, it is believed, in a short flat diamond drill hole put out from the 250-ft. level at the west end of the ore body. The development is considered important.

A raise going up from the 250-ft. level to the surface is stated to be continuing in the same high grade ore in which it has been right along.

The new 1,500 cubic ft. compressor is expected to arrive this week and will be immediately installed. The power line is now stated to be complete. Transformers have already been set up

Common Sense Speculation—Some Don'ts

(Continued from page 1)

In 1929 the great indoor sport of a comparatively little known midwestern industrialist, whose entire fortune lay in common stocks, was to add up each night after the closing his net worth "on paper." By millions his stock market equity rose, until at last his computation in the late summer reached the magical figure of $100,000,000. Soon after came a smash in motor and automobile-accessory stocks, both of which—having made their highs earlier in the year — should have served warning to the westerner that the stock market was no longer a one-way street. By the spring of 1930 (in less than a year) the man who considered himself worth $100,000,000 was obliged to ask for an extension of time for the payment of assessments on failed banks in which he was a heavy stockholder.

All Break, Sooner or Later

The other salient characteristic of a bear market is its encompassing breadth. First one group descends perpendicularly as the general market tumbles. Then, as prices rally and steady after the panic, certain groups appear to be impregnable. As the months drag on, however, and the grim realities of what the initial break was discounting emerge, the apparently impregnable sections of the list give ground. Necessitous selling is no respecter of stock and price stability simply invites liquidation.

Therefore, because bear markets are so swift and, before their completion, so all-encompassing, the first rule in a bear market is to discard manuals, reports and data of all description. Only by subscribing to the thesis that all stocks fall together in a bear market can serious losses be avoided. Few individuals there are who do not in a bear period cling, to their sorrow, to some "pets" in the mistaken notion that their particular issues can escape the effects of the wholesale liquidation.

Gold Stocks an Exception

There is an obvious exception to the rule of "Never buy in a bear market (except in the late stages)" and gold stocks are the classic example. In recognition of the likelihood that deflation would upset the old gold standard, gold stocks started up in 1933 and made consistent progress throughout the bull market of that year. And then there are certain "defensive" stocks that can be benefitted by deflation, as witness in 1937-38 the experience of Corn Products Refining Co., the earnings of which were sharply reversed by the sharp decline in its raw material form. Of course, all stocks don't move down at once any more than they rise together in a a bull market. General Electric, for instance, made its high in 1930, long after the market crash. Oil stocks in the fall of 1937 seemed immune to depression and yet, before the spring of 1938, inventories had reached record-breaking proportions, prices had softened and earnings were declining to an extent that brought in effective selling. Worst of all speculative weaknesses is to put a halo around any stock or group of stocks.

Short Selling Waves

Actual trading for the fall has been greatly restricted as compared with former years. In the United States, whose markets greatly influence Canada, the Federal Reserve Board demands 50% margins, as against 40% for purchases. It insists that short sales can be executed only at prices higher than the previous quotation. In calculating the value of brokerage accounts, there is the same barrier against pyramiding on the short side as there is on the long side. The result is that it is impossible to "force the going" in order to break prices down rapidly by short selling and thereby to bring about convulsive liquidation on the order of 1929-32. For these reasons the tempo of the advanced stage of bear markets may become much slower than in the past.

For the businessman facing a period of retrenchment and curtailed profits, short selling in the stock market is nothing more than a "hedge" against adversity. The short seller alone cannot force down prices—certainly he cannot under the new rule. Only the fundamentals that dictate major movements can bring that about. Hence, the little minority of short sellers—who are able to rid themselves of haunting memories of an occasional "corner" or two—are entitled to the reward that the active can always wrest from the "do nothings."

Bull Leaders Are Bear Leaders

It is an ironical fact, probably based on the law of action and reaction, that the leaders of a bull market turn out to be the leaders of the ensuing bear market. When general enthusiasm for certain stocks has become so great as to establish fancy figures, a top-heavy situation is created which becomes vulnerable to selling. As each new price stratum is reached, new liquidating forces are set in motion that —because of the widespread ownership—feed upon themselves.

Not only were the utilities sensations of the 1924-29 bull era and leaders of the 1929-32 bear market but also conditions had so radically changed as to make them fresh victims of the 1937-38 bear market. One only has to contrast the high-water marks for utilities in 1938 with the peak of 1929 to see what can happen to the favorites of yesteryear.

The original bear leader of 1929 always sought out by careful questioning of brokerage houses where the big public "long" positions lay. No violation of ethics occurred in securing such information. Floor brokers are usually able to "smell out" an unwieldy public long interest and the mere gossip of the marketplace usually reveals the public favorites.

Selling Favorites Short

On these issues in 1929 the bear operator concentrated his initial selling activities. Consolidated Gas was first choice because it was so heavily carried on margin. Today there are cynics who aver that in lieu of large public positions, short selling that carries the least hazard may well be directed against the big lines held by investment trusts which are the conscious or unconscious victims of the enthusiasm rampant at the top of a bull market.

So-called "inventory" stocks are extreme sufferers in a major bear movement. Therefore, while it may be sound advice to discard the manuals and statistics, it is well to study inventory positions. In a sharp business deflation — whether of volume or of prices, or both—big inventories are proportionately as great a liability to corporations as they are an asset in a period of business activity and rising prices. Rubber and sugar equities were almost erased in 1920 and 1921.

"Warnings" Precede Bear Markets

What are the signals of an impending bear market? Naturally the phenomena are those that accompany the culmination of a bull market: excessive activity, exploitation of inferior stocks, tendency toward national extravagance of living, belief that prices cannot go down (witness the "New Era" of 1929 and "Inflation" in 1937), and rampant optimism. In addition to all this, there is usually some clear-cut warning, the significance of which afterwards appears unmistakable.

In 1929 as high an authority as the British Chancellor of the Exchequer, Philip Snowden, inveighed against Wall Street speculation in the following terms:

> "There must be something wrong, something which needs attention, when an orgy of speculation in a country 3,000 miles away should dislocate the financial system here and inflict grave suffering upon workers in practically every country in the world. This is a matter to which our serious attention must be directed."

Heed High Warnings

In the spring of 1937 President Roosevelt, in whose hands inflationary powers lay, declared that commodity prices were too high and struck out sternly against steel and copper prices. Alert speculators will always be on the lookout for what may be "warnings" along the uncertain market road.

Such statements from "high quarters" in 1929 and 1937 carried greater weight because of the action taken just previously or subsequently by banking authorities to arrest the progress of an allegedly unhealthy boom. Then in 1937 the Federal Reserve Board increased the reserve requirements against demand and time deposits of member banks, thereby sharply reducing the volume of excess credit. At the time such banking measures are always interpreted as precautionary, but the sequel is inevitably deflation.

Once a bear market gets under way it is necessary, above all, to remember that previous prices count for nothing. The stock market is always discounting an entirely new set of circumstances. If the odds, for instance, are staked heavily against the railroads, it makes no difference whether New York Central has sold in the past at 200 or 300, or any figure that might be named. If new factors are at work it is possible for the solid railroad equities to be wiped out entirely, as they were in the American railroad reorganization period of the 90's. Failure to recognize that previous prices count for nothing has probably kept more people from selling stock than any single influence.

Taxes Penalize Prosperity

It is only fair to say that "previous prices count for nothing" is just as true of a bull as of a bear market. A stock can start from scratch, which is to say, from as low as even $1 a share, and go anywhere if the factors are propitious. The reorganized railroads of the 1890's, Union Pacific and Atchison, became the premier investments in the boom that led up to the 1907 panic. "Romance" of the type of electric refrigeration, air-conditioning, aviation and the like, can conceivably remove possibility of any pre-determined price ceiling. However, the tax power of the Government, as revealed in the tendency in Great Britain and the United States, is to penalize localized, new and abnormal prosperity.

Never Average Down

Then there is that insidious investing weakness of a bear market, viz., "averaging." Never average on a stock that has declined. The chances are 99 to 1 that at the time of the contemplated new purchase more attractive opportunities elsewhere exist. In any event, as no buying should be done in a bear market, "averaging" is obviously unsound.

It is well known that the market difficulties years ago of W. C. Durant arose from "averaging." In his case the operations were of so large a nature as to constitute support. Support—or "pegging"—in a bear market simply invites liquidation. The writer has seen the one-time famous auto magnate buy block after block of General Motors in a single day, only to have the price close lower.

Penetration of Pivotal Points

The penetration of pivotal points —50, 75 or 100—for example, always used to be in old-fashioned bear markets the signal for the outbreak of convulsive liquidation. Tendency of the public has always been to put in buying orders at a round price so that, once that price is violated and buying power eliminated, prices tumble rapidly.

In 1929 one of the leading bear figures of that period was conducting a big bear operation in Montgomery Ward. He had been selling it rather liberally in the lower 50's when the suggestion was sent up from the floor of the Stock Exchange that he "cease firing" because of the huge support that prevailed at 50. In answer to his query "What 'support'?" word came back "between 30,000 and 40,000 shares." In 15 or 20 minutes streams of Montgomery Ward appeared on the tape and in short order the stock had broken 50. Just before closing time, the same stock, which at 1 o'clock was selling around 52, was commanding in the neighborhood of 43—a $9 break in less than two hours. In short, just as soon as all orders were filled at the pivotal point, the stock broke almost $7.

Quasi-magical Figures

Nowadays with professionals banned or withdrawn from the market, the breaking of a pivotal figure is not followed by so rapid a decline. Chrysler, favorite of the public for years, has gone below 50 several times without a swift collapse. On the other hand, an investment stock like American Telephone lived up to all the predictions of well-posted specialists and odd lot houses by breaking almost 13 points in 1938 once it went under the quasi-magical figure of 140.

Because bear markets are encompassing and because it is always futile to buck a trend, it is well when liquidating to sell "at the market." Too many huge losses have resulted from quibbling over fractions. Let the broker who has the order do the worrying. The only real danger in strict adherence to selling "at the market" is in the event of an overnight break. As a general thing, the stock market abhors a gap as does Nature a vacuum. The tendency is for professional speculators to look for a rise where changes are stunningly abrupt. Therefore on a widely lower opening it is usually the better part of valor to wait at least an hour or two for the so-called automatic rally that comes in the wake of panicky liquidation.

The writer is reminded of an individual who decided to sell his holdings of American Smelting in the summer of 1937 when the stock was around 95. The first 500 shares were sold at a decline of about ¾ point; then 200 shares were disposed of at a concession of a full point. Word was then flashed back from the floor of the Stock Exchange that the nearest bid was 1½ points away and "Unless the stock has to be sold today, why not wait for a better bid in the morning?" Instead of a better bid next morning, the stock opened off $2 a share. For procrastination and for not selling "at market" the reward was a loss of over $1,000 on the 500 shares remaining to be sold.

Be Willing to Take Loss

At the first sign of trouble the investor should weed out his poorest stocks. It is a well-known fact that the public acts contrariwise. It invariably sells the best stocks and holds on to the poorest. The reason for this is that weak stocks break badly and the average trader is loath to sacrifice paper profits or to accept a loss.

Willingness to take a loss is absolutely vital to success. No one can be right forever. Businessmen guess wrong on prices or styles and have to pay the piper. Acceptance of a small loss may free capital for a better undertaking and cut short losses that can develop into an appalling shrinkage.

"Always guard against synthetic optimism," should be the slogan of every realist in a bear market. Memory of President Hoover's utterances is still green and "prosperity just around the corner" is a classic jest. Politicians and bankers and big businessmen probably will always persist in the belief that the gospel of optimism can arrest a depression. All that unwarranted optimism does is to postpone the evil day or to provide a "breathing spell" deceptive to investors.

When the heavy guns of cheerful publicity are unloaded from the captains of finance or politics, it is always well to be on guard. Only the fundamentals of business activity and earning power can stem a bear market. Usually the blasts of optimistic propaganda emanate before the initial break in a bear market has occurred and invariably long before the decline has culminated. In the Hoover Administration cheerful comments became a joke before 1932 rolled around.

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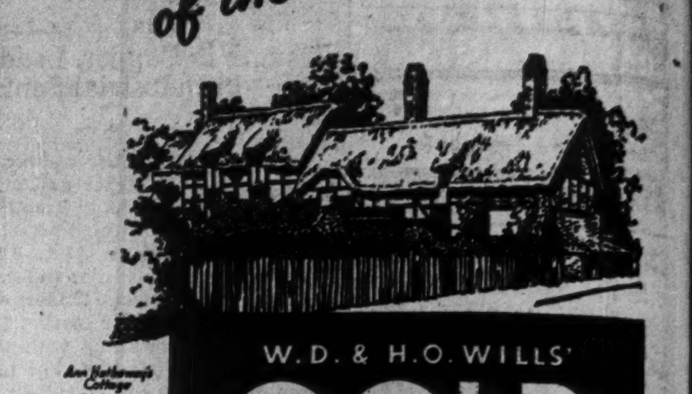

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